MAUREL & PROM

H1 2011

FINANCIAL REPORT – MAUREL & PROM

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2 PERSON RESPONSIBLE FOR INTERIM FINANCIAL STATEMENTS

As the Administrative and Financial Director of Etablissements Maurel & Prom ("**Maurel & Prom**" or the "**Company**"), and reporting to the Chairman and Chief Executive Officer Mr Jean-François Hénin, Mr Michel Hochard is in charge of financial information and the Semi-Annual Report.

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Certification

"I hereby certify that, to the best of my knowledge, the consolidated semi-annual financial statements have been prepared in accordance with applicable standards and are a true and fair picture of the assets, financial position and income of the Company and its consolidated entities, and that the interim management report on pages 4 to 16 offers a true and fair picture of the significant events in the first six months of the fiscal year, their impact on the financial statements, the main transactions between related parties, as well as a description of the main risks and uncertainties in the remaining six months of the year."

Administrative and Financial Director

Michel Hochard,
Paris, Tuesday 30 August 2011

In order to make this report easier to read, Etablissements Maurel & Prom will be referred to as the "Company" or "Maurel & Prom", and Maurel & Prom and/or any of its subsidiaries together will be referred to as "Maurel & Prom Group" or the "Group".

3 STRATEGIC ORIENTATION OF THE GROUP

Maurel & Prom is an independent mid-size player specialising in Africa and Latin America. The Group's teams combine experience and references in its various fields of activity:

⇒ Exploration-Assessment:

- 96 wells drilled in 10 years
- Historical success rate approaching 48%
- Promising regions known by its teams

⇒ Development: specialises in fast production start-up of discoveries in Africa and Latin America

- M'Boundi > 300 Mboe
- Onal + satellites > 200 Mboe
- Ocelote ≈ 50 Mboe

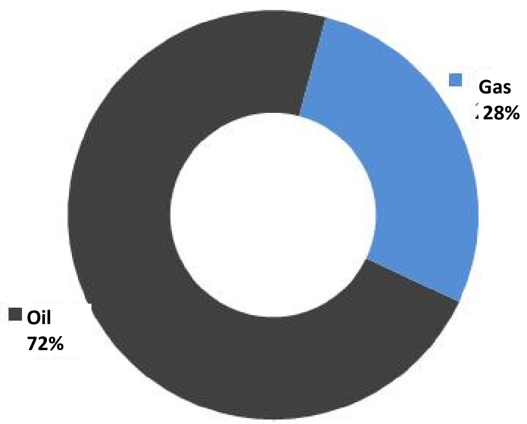
As at 30 June 2011, Maurel & Prom was present in 11 operating permits and 22 exploration permits as follows:

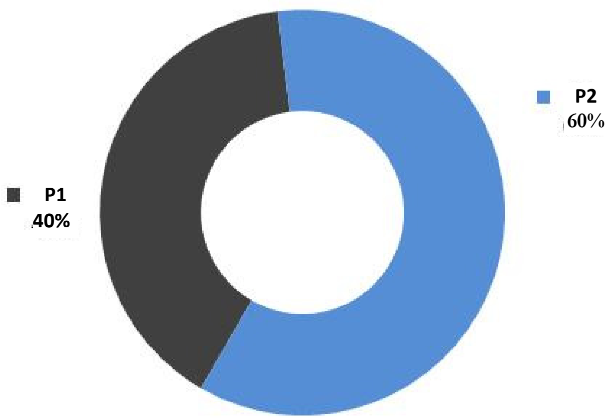
Maurel & Prom's strategy is based on capitalising on its exploration activities and rapidly bringing its discoveries into production.

In order to adapt to the economic and financial context, since 2009 the Group has reoriented its strategy to assessment and development of its resources, particularly in Gabon, Nigeria and Colombia. As a result, the Group now has:

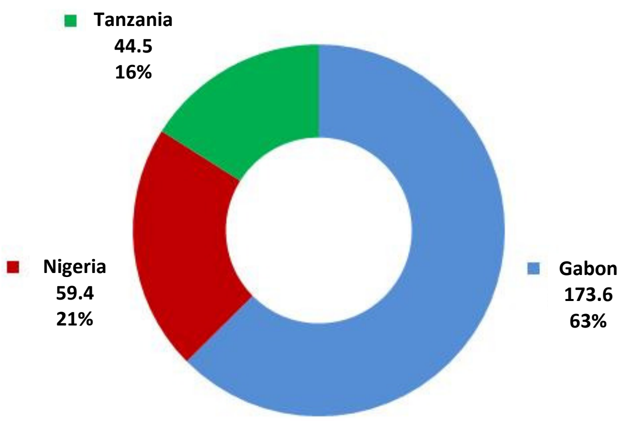
- Continuously increasing production (20,638 boepd entitlements in Q2 2011);
- P2 reserves net of royalties assessed on 1 January 2011 of 277 Mboe (excluding Venezuela);
- Substantial identified resources;
- High-potential exploration territory of more than 75,000 km² ;
- Experienced teams from well-known oil companies.

Distribution of P1+P2 reserves net of royalties: 277 Mboe





On 21 March 2011 the Group signed an agreement whereby Maurel & Prom sold its subsidiary Maurel & Prom Venezuela, which owns 26.35% of Lagopetrol, to a company of the Integra Group (Argentina). Venezuelan reserves were therefore withdrawn from the certification scope.



In the first half of 2011, the Group continued rationalising its portfolio of assets by focusing its efforts on growing the portion aimed at production and reducing risks related to exploration.

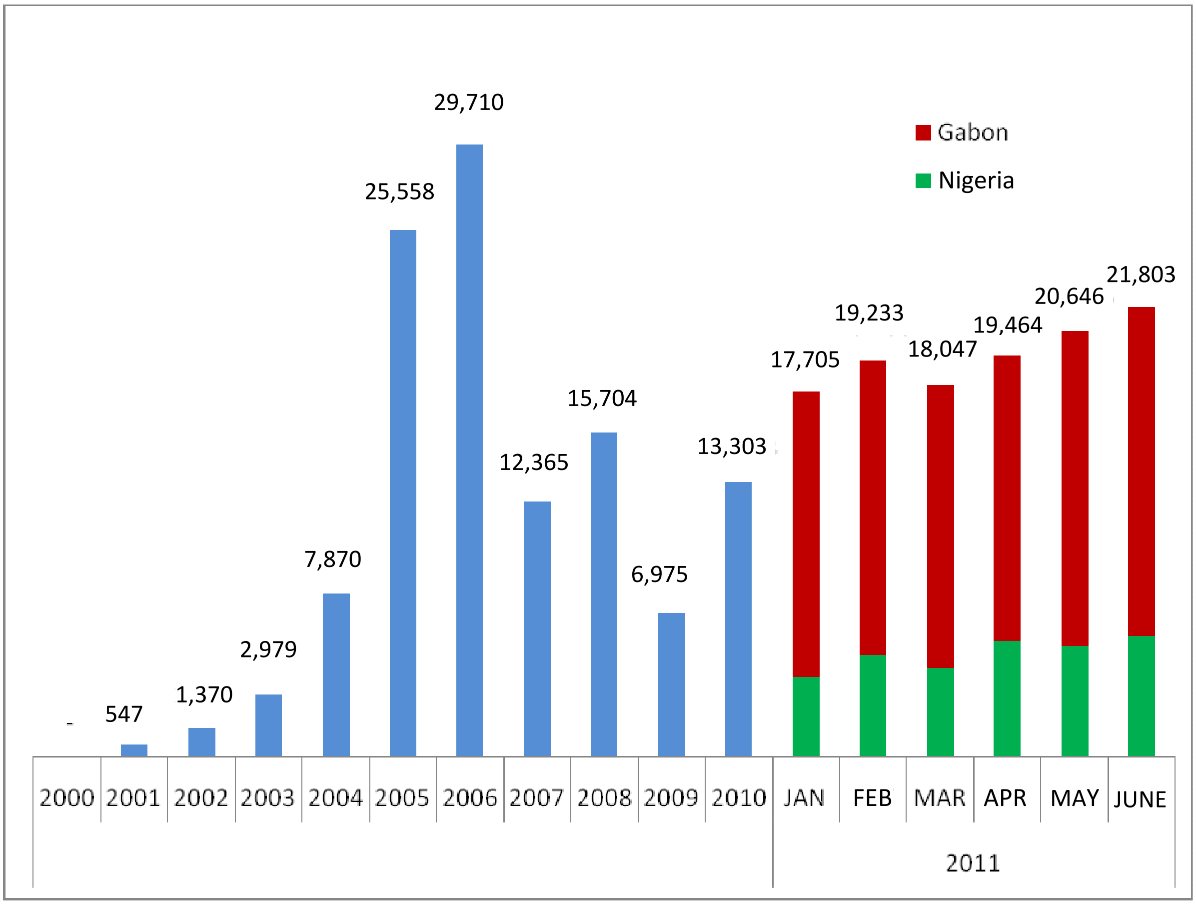
4 GROUP ACTIVITY IN FIRST HALF 2011

The Group's activity in the first half of 2011 was in line with its strategy. It was marked by rapidly growing operational performance, reflecting its increased production and the continuing high crude oil prices.

4.1 Continuous increase in production

4.1.1 Ramping up of production

Increased production at OML 4, 38 and 41, the implementation of a well workover and reconnection programme in Nigeria, and the ramp-up of fields in Gabon allowed the Group to post average entitlements of 19,474 boepd in the first half of 2011 (20,638 boepd in Q2 2011).



In Gabon, assessment and development of the Omoc-North discovery (Onal exploration and operation permit) allowed two additional wells to be connected. These two projects as well as the implementation of a water injection programme at the Omko and Omgw fields should allow the Group to keep increasing production steadily throughout the second half of 2011.

The gross production of Nigerian fields is increasing significantly as a result of wells being reopened. This result is thanks to work coordinated by the operator SEPLAT throughout the past year.

The work involved:

- Analysing historical data;
- Optimising well operations;
- Workover and reopening existing wells;
- Reconnecting wells.

Combined with drilling at productive wells and optimising and modernising existing above-ground facilities, they will allow production at OML 4, 38 and 41 to increase steadily over the coming months.

4.1.2 Continuation of current developments

In Gabon, the Omoc and Omoc-N fields are being assessed. In the first half of 2011 two wells were connected to Onal evacuation facilities.

In Nigeria, efforts focused in the first half on existing wells. A programme of works on identified resources (classified as C1 and C2) should start in the second half of 2011.

4.2 Encouraging exploration results

4.2.1 New successes in Colombia

In Colombia, a stratigraphic well drilling programme began under the CPO 17 exploration permit (operator Hocol holding 50%, Maurel & Prom Colombia holding 50%). The purpose of the drilling was to assess various geological objectives in the permit.

The first well drilled to a depth of 864m showed the "in situ” presence of oil in the Oligocene sand formations. The works programme at this prospect includes several stratigraphic wells and at least one classic well to the Oligocene objective (Merlin-1) that could turn into a production test. Other major projects have now been defined thanks to the acquisition during 2010 of 618 km of 2D seismic data.

Following the Sabanero discovery in 2010, M&P and Pacific Rubiales’s team will start during second half 2011 seismic acquisition and processing and vertical and horizontal drillings to evaluate and appraise this discovery.

4.2.2 Continuing exploration in Gabon

On 20 June 2011 in Gabon, the Group began drilling the OMSN-W prospect 20 km north of the Onal production centre. Drilling was still in progress on 30 June 2011. In August 2011 the well was plugged and abandoned.

4.2.3 Preparation for work in Peru and France

In Peru, civil engineering work should start in the second half in order to allow drilling in the first prospect in the first half of 2012. The work involves mapping and geological surveys as well as environmental impact assessments conducted jointly with local communities.

In France, the Marex company, a Lavignolle and Mios permit operator (M&P 25%) has drilled the CDN-1 well and has started civil engineering work for drilling the PEY-1 well, that started on 19th August 2011.

4.3 Continuing rationalisation of the asset portfolio

4.3.1 Strategic alliance with Pacific Rubiales Energy

On 31 March 2011, the Group announced the signing of an agreement to sell 49.99% of its stake in Maurel & Prom Colombia BV to Pacific Rubiales Energy.

With its strong growth and its expertise in the production and processing of heavy crude, Pacific Rubiales Energy has therefore been selected as a strategic partner to develop the Group's resources in Colombia, particularly those under the Sabanero permit.

This alliance should allow Maurel & Prom to rapidly monetise the hydrocarbon resources already identified under this permit, in particular those at Sabanero.

This partnership also allows the Group to fund all assessment, development and production set-up operations, as well as a very determined exploration programme by a strategic partner that enjoys remarkable experience in heavy oil production in Colombia.

4.3.2 Sale of Maurel & Prom Venezuela

On 21 March 2011 the Group signed an agreement whereby Maurel & Prom sold its subsidiary Maurel & Prom Venezuela, which owns 26.35% of Lagopetrol, to a company of the Integra Group (Argentina). This transaction was completed for a total of €37.5m. Given the uncertainty regarding the effective dates of settlement, the company decided to provision €12.5m (33%) the corresponding claim.

4.3.3 Sale of Caroil to Tuscany

On 21 June 2011, Maurel & Prom and Tuscany International Drilling Inc., a Canadian oil services company listed on the Toronto Stock Exchange, announced an agreement had been signed whereby Tuscany Rig Leasing S.A., a wholly-owned subsidiary of Tuscany, is absorbing all the stock of Caroil SAS, a Maurel & Prom drilling subsidiary.

Tuscany will pay Maurel & Prom the acquisition price on the following terms:

- US$120 million in cash,
- 82.5 million Tuscany shares, listed on the Toronto Stock Exchange,
- 27.5 million stock options.

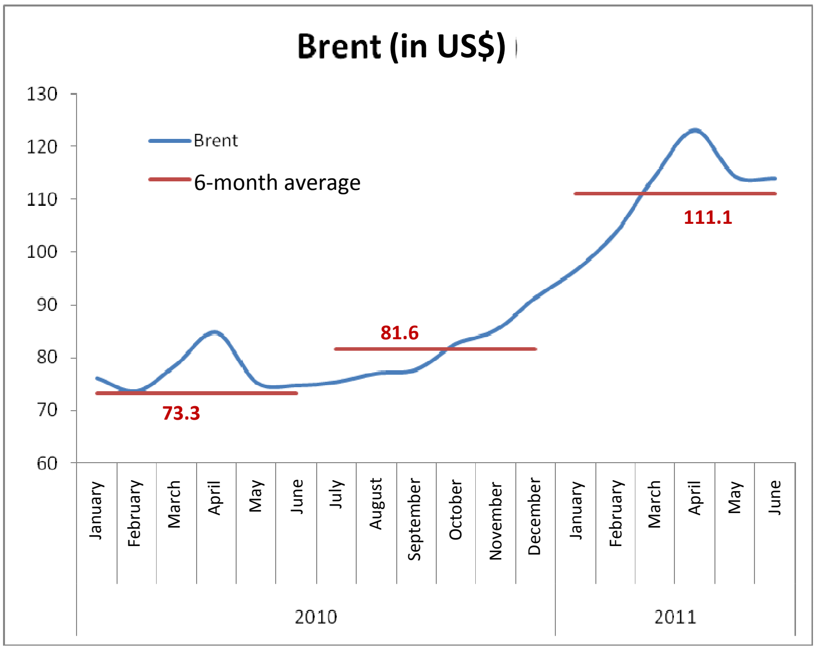
The agreement should be finalised in the third quarter of 2011.

Upon completion of the transaction, Maurel & Prom will hold approximately 29% of Tuscany share capital. By combining forces, Caroil and Tuscany intend to create a major player in oil services in the emerging markets of Latin America and Africa.

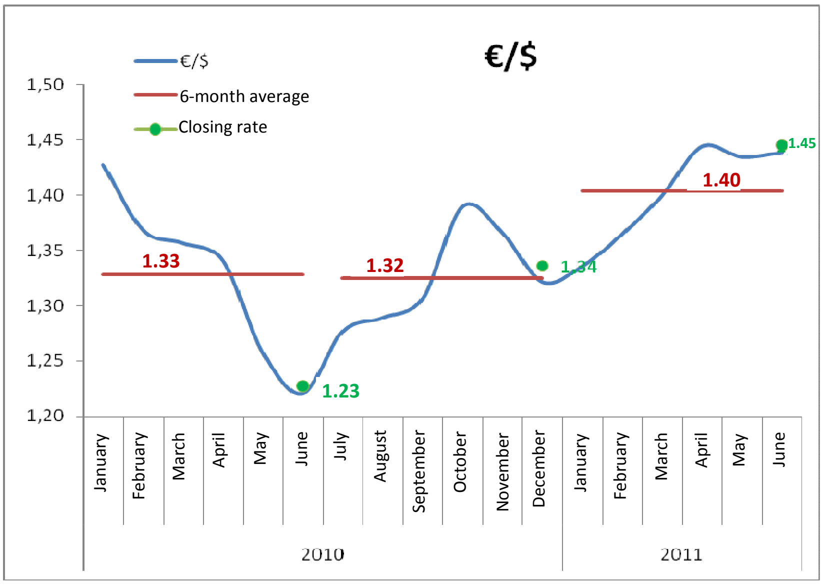
5 FINANCIAL POSITION AT 30 JUNE 2011

5.1 Economic environment

The average cost of Brent in the first half of 2011 was $111.1 (+52% versus first half 2010).



In the first half of 2011, the average €/$ exchange rate was 1.404. At 30 June 2011, the €/$ exchange rate was 1.4453, 8% higher than on 31 December 2010.



5.2 Financial elements

The Group's activity, described above, as well as its economic and financial environment, is reflected in the following elements of the consolidated financial statements. The consolidated financial statements were approved by the Board of Directors on 30 August 2011.

In order to reflect the status of the sale of Caroil in the Group's consolidated financial statements as at 30 June 2011, Caroil's activity has been recognised under "Assets intended for sale".

5.2.1 Sales – Oil production

The Group's sales in the first half of 2011 were €253.6 million, versus €80.3 million in the first half of 2010, a increase of 216% (excluding Caroil).

The improvement in sales illustrates the ramping up of production at the Onal field in Gabon (+3.500 boepd in H1 2011 vs H1 2010), the incorporation over the entire period of the sales from the OMGW and OMBG fields in Gabon and the sales in Nigeria in the amount of €70.8 million in H1 2011.

In Tanzania, the Group achieved sales of €0.4 million at the Mnazi Bay field.

In early 2009, upon the signing of the Reserve Based Loan, the Group put instruments in place to hedge its operational cash flow based on the barrel price of oil. In the second half of 2011, 4,500 boepd were covered at a price of $75.3/b while the average price of Brent was $117/b. This produced a negative adjustment of €11.1 million in the second half of 2011.

Excluding the impact of hedges, the average selling price in H1 2011 was $110.6/b. In Nigeria it was $113.0/b and in Gabon $109.8/b.

5.2.2 Operating income

Operating income from oil production improved markedly due to the growth in hydrocarbon sales. It was €149 million after amortisation of asset depletion, the rise in the depletion due directly to increased production.

In thousands of euros	30/06/2011	30/06/2010*
Sales	253,553	80,267
Gross margin	208,318	51,846
Gross operating surplus	**174,488**	**39,368**
Amortisations for depletion	-25,413	-15,783
Income from oil production	**149,075**	**23,585**
Exploration expenses	-5,296	-75,398
Income from oil production and exploration	**143,779**	**-51,813**
Income from asset disposals	111,638	2
Other operating elements	-1,328	-3,071
Operating income	**254,089**	**-54,882**

(*) Restated for sold activities

Exploration expenses at 30 June 2011 relate to the Marine III permit in the Congo and the Tangara permit in Colombia.

The Group's operating income was €254 million. It includes asset sales as follows:

- sale of 49.99% of Maurel & Prom Colombia: +€124 million;
- sale of Maurel & Prom Venezuela: -€13 million ; given the uncertainty regarding the effective dates of settlement, the company decided to provision €12.5m (33%) the corresponding claim.

5.2.3 Financial income

Financial income was -€84.8 million. It reflects the adverse exchange rates (-€59.7 million) linked to the re-valuation at closure of the Group's currency structural positions.

Note that this income component is volatile and depends on exchange rates at the close of the period. A 10% increase in the €/$ exchange rate would have an adverse impact of €81 million, whereas a 10% decline in the €/$ rate would have a favourable impact of €83 million.

It should be noted that the €/$ closing exchange rate was 1.34 at 31/12/2010 and 1.45 at 30/06/2011.

Interest expense on the OCEANE 2014 bond issue was €16.9 million. Interest expense on other borrowing was as follows:

- interest on SEPLAT financing by BNP Paribas and AFREXIM bank in the amount of €2.7 million;
- interest on the Standard Bank line of credit and the RBL in the amount of €3.7 million.

5.2.4 Net income

Maurel & Prom Group consolidated net income was €90 million after recording a tax expense of €75 million.

This corresponds to €23.6 million tax on the Maurel & Prom share of SEPLAT profits (Nigeria) and a €14.2 million tax assessment on State oil profits under the Omoueyi and Nyanga Mayombé permits in Gabon.

The deferred tax charge is mainly due to: the posting of the difference between the recognition of the recoverable costs, on a taxable base, and the posting in the consolidated statements under the Omoueyi permit -€37 million.

5.2.5 Balance sheet

The balance sheet total at 30 June 2011 was €1,747 million. The Group's share of equity capital was €864 million.

Group debt (IFRS) at 30 June 2011 consisted of:

- OCEANE:	€360 million
- Reserve Based Loan (RBL):	€118 million
- Bank borrowing (BGFI):	€11 million
- Bank borrowing (AFREXIM - SEPLAT share):	€66 million

In January 2011 the RBL amounted to $330 million. In May 2011, $160 million of it was repaid as a result of AFREXIM refinancing the Seplat debt and BNP returning Maurel & Prom's loan guarantee. As at 30 June 2011, the amount drawn on the RBL was $170 million (€118 million).

The Group also took out a line of credit at BGFI in April 2011 in the amount of €15 million, with €11 million of it drawn down as at 30 June 2011.

An additional line of credit signed at Standard Bank in the third quarter of 2010 was repaid in March 2011.

5.2.6 Investments

Exploration expenses as at 30 June 2011 amounted to €35.7 million. The main investments in the period related to:

- operations under the Omoueyi permit in Gabon, in the amount of €25 million;
- expenses paid out in Colombia up to the date of the sale, in the amount of €5.4 million;
- expenses incurred in Peru on the Block 116, in the amount of €1 million;
- work carried out on the Lavignolle-Mios permit, in the amount of €1 million.

Development and production investments during the period amounted to €38.3 million and related mainly to:

- development work carried out for the Onal field, in particular well-drilling at the Omoc-North discovery;
- work carried out in Nigeria, Maurel & Prom's share of which was €0.8 million.

Investments by Caroil in the first half of 2011 amounted to €3.2 million.

5.2.7 Cash flow

As at 30 June 2011, Maurel & Prom posted net cash of €152 million, up €56 million on 31 December 2010, mainly reflecting:

- repayment of the guarantee lodged with BNP, in the amount of €125 million;

- reduction in the level of drawdown on the RBL from €300 million at 31 December 2010 to €170 million at 30 June 2011, a reduction of -€81 million;

- repayment of a $50 million (€35 million) relay loan at Standard Bank;

- partial repayment of the shareholder loan to SEPLAT, in the amount of €12 million;

- partial drawdown (€11 million) of a €15 million line of credit at BGFI;

- proceeds of €44 million from the sale of 50% of the Group's stake in Maurel & Prom Colombia;

- investments in the period: €74 million (exc. Caroil).

5.3 Events occurring after closing

5.3.1 Positive results of stratigraphic wells in Colombia

The drilling of the second and third stratigraphic wells under the CPO17 exploration permit (Hocol 50% operator, and Maurel & Prom 50% operator through its 50.01% owned subsidiary M&P Colombia) has showed the presence of oil.

The wells were drilled to 700m and 3,700m, respectively, south of the first positive stratigraphic well drilled under this permit *(See press release 13_11 of 26 July 2011).*

5.3.2 Update on drilling at OMSN-W in Gabon

In Gabon, the OMSN-W prospect was drilled under the Omoueyi permit, 20 kilometres north-east of the ONAL field. Drilling started on 20 June 2011.

The data received for this prospect indicates that the Grès de Base layer has good porosity and that it is saturated with oil to a height of 38 m. However, this formation shows no permeability and this therefore prevents production. It was therefore decided to plug and abandon this well and subject it further technical analyses internally.

5.3.3 Update on CDN-1 drilling in France

The Caudos-Nord-1 drilling (CDN-1) began on 4 July 2011 under the Mios permit (Maurel & Prom 15%). It reached its final 2,680 m depth on 26 July.

The technical data recorded in the well enabled the Aptian and Purbeckian sandstone reservoirs to be investigated.

On the basis of the diagrammatic interpretations and the indices observed in the well, the permit operator decided to descend and to cement in place a 7" tubing in order to test the Aptian and Purbeckian reservoirs with “work-over” equipment.

On the Lavignolle license, the Peyrot-1D well was spuded the 19th August 2011.

6 OIL RESERVES AND RESOURCES

6.1 P1+P2 reserves

As a result of the 21 March agreement to sell Maurel & Prom Venezuela, the Group's oil and gas reserves were restated on 1 January 2011 and are now 277 Mboe (See 2010 Reference document).

The strong rise in Group reserves is mainly due to the success of the exploration-assessment programme under the Omoueyi permit in Gabon (Onal + satellites) and to the incorporation of reserves resulting from the acquisition of assets by SEPLAT (M&P 45%) in Nigeria.

The results of the assessment of the discovery at the OMOC fields, carried out in March 2009, and OMOC-North contributed to a 68 million barrel increase in Gabon reserves.

The incorporation of the fields in Nigeria, acquired in late July 2010, allowed the Group to increase its reserves by 58 Mboe, including gas, corresponding to the assessment which Gaffney & Cline carried out when the assets were acquired and which they confirmed in their report of 11 March 2011.

6.2 Identified resources

In addition to the certified reserves presented above, the Group also has resources corresponding to the potential linked to discoveries, or to wells that have revealed the presence of hydrocarbons, which have not yet been assessed.

In Colombia, identified resources relate to the Sabanero discovery. Following various delineation works, the resources are in the course of being assessed.

In Nigeria, hydrocarbon resources correspond to resources in discovered but undeveloped fields (C1+C2).

In Tanzania, the volume of local natural gas for the Mafia-Deep well was evaluated by Schlumberger to be between 1.97 and 4.15 Tcf (between 1.0 Tcf and 2.2 Tcf net of royalties as the Group's share). Additional studies will need to be carried out to determine what proportion of these resources may be subject to being qualified as commercially viable. Maurel & Prom has no plans to fund such studies alone and is looking for a partner to do participate in this work.

At Mnazi Bay, a work-over programme and drilling at least one new well should enable the Group to consolidate and improve the recorded level of reserves.

6.3 Exploration potential

The total resources identified by the Maurel & Prom teams do not take into account the potential in future exploration activity, which the Group intends to pursue across its entire field of activity.

7 SHAREHOLDERS' EQUITY AND CORPORATE LIFE

7.1 General Meeting

The Combined General Meeting of Maurel & Prom shareholders held on Wednesday 29 June chaired by Mr Jean-François Hénin, Chairman and Chief Executive Officer, approved all the resolutions proposed.

The General Meeting approved the company and consolidated financial statements for the fiscal year ended 31 December 2010 and discharged the Board of Directors' duties for the year.

7.2 Projected distribution of Maurel & Prom Nigeria stock

In order to make better use of the Group's major assets (Gabon and Nigeria), the Board of Directors decided to consider distributing its Nigerian subsidiary's stock to Maurel & Prom shareholders.

This distribution would lead to that company being listed separately and would allow all shareholders to benefit from the appreciation in its real value.

7.3 Dividends

Upon the proposal of the Board of Directors, the General Shareholders' Meeting approved payment of a €0.25 dividend for 2010. This dividend was paid out on 7 July 2011.

7.4 Total number of voting rights and shares comprising Maurel & Prom capital

Pursuant to article L. 233-8 II of the French Commercial Code and the French Financial Markets Authority (AMF) General Regulations, Maurel & Prom informed its shareholders that the total number of voting rights and shares comprising its share capital at 30 June 2011 was as follows:

Date	Number of shares comprising the capital	Number of voting rights
30 June 2011	121,374,312	Theoretical*: 131,576,861 Exercisable: 125,370,404

*: theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares and not-voting shares.

There were 6,206,457 treasury shares at 30 June 2011.

7.5 Risks and uncertainties

The Group's results are sensitive to various market risks. The most significant are hydrocarbon prices and the €/US$ exchange rate.

To alleviate uncertainty over hydrocarbon prices, the Group has put in place a hedging policy as described in Note 8 of the Notes to the consolidated financial statements.

In terms of exchange rates, the Group anticipates currency movements by pricing inflows in dollars against works and expenses. However, as the Group is responsible for financing its subsidiaries its operating currency is essentially dollars, revalued as euros which is the presentational currency for financial statements, leading to fluctuations due to the volatility of €/$ rate movements. These re-valuations can lead to significant fluctuations in financial income. They are not subject to specific hedging.

Given its sustained exploration activity, large amounts are involved. In the event that the exploration fails, the Group can post corresponding exploration expenses.

The risks linked to Maurel & Prom activities are described in Chapter 2 of the Group's 2010 Annual Report.

8 GROUP CONSOLIDATED FINANCIAL STATEMENTS

8.1 Group balance sheet

8.1.1 Assets

In thousands of euros	Notes	30/06/2011	31/12/2010
Intangible assets	4	556,832	520,625
Property, plant and equipment	5	569,265	722,845
Non-current financial assets	6	81,090	62,226
Investments accounted by equity method		0	39,991
Deferred tax assets	17	8,193	12,505
Non-current assets		**1,215,380**	**1,358,192**
Stocks		7,275	14,948
Trade receivables and related accounts	7	97,202	71,084
Other current financial assets	7	87,919	260,422
Other current assets	7	32,450	44,169
Income tax receivable	17	4	350
Current derivative instruments	8	4,814	3,931
Cash and cash equivalents	9	151,866	95,423
Current assets		**381,530**	**490,327**
Assets intended for sale, discontinued operations	15	150,147	0
Total Assets		**1,747,057**	**1,848,519**

8.1.2 Liabilities

In thousands of euros	Notes	30/06/2011	31/12/2010
Share capital		93,458	93,405
Additional paid-in capital		221,629	221,483
Consolidated reserves		538,956	740,179
Treasury shares		(79,750)	(81,501)
Net income, Group share		90,076	(138,776)
Equity, Group share		**864,369**	**834,790**
Non-controlling interests		1	1
Total shareholders' equity		**864,370**	**834,791**
Non-current provisions	10	6,201	5,687
Current bond borrowing	11	333,511	329,586
Other non-current borrowing and financial debt	11	117,623	210,574
Other creditors and sundry non-current liabilities	12	700	271
Non-current derivative instruments	8	30,352	14,395
Deferred tax liabilities	17	76,710	58,986
Non-current liabilities		**565,097**	**619,499**
Current bond borrowing	11	26,331	13,346
Other current borrowing and financial debt	11	77,127	125,307
Trade payables and related accounts	12	35,270	70,842
Income tax payable	17	30,990	16,128
Other creditors and sundry liabilities	12	92,326	120,988
Current derivative instruments	8	21,362	30,031
Current provisions	10	11,055	17,587
Current liabilities		**294,461**	**394,229**
Assets intended for sale, discontinued operations	15	23,129	0
Total Liabilities		**1,747,057**	**1,848,519**

8.2 Change in shareholders' equity

In thousands of euros	Capital	Treasury shares	Premiums	Derivative instruments	Other reserves	Currency translation adjustments on operations intended for sale	Currency translation adjustment	Income for the period	Shareholders' equity, Group share	Non-controlling interests	Total shareholders' equity
1 January 2010	**93,364**	**(78,664)**	**221,607**	**(50,840)**	**823,998**		**(19,185)**	**(50,650)**	**939,629**	**1**	**939,630**
Net income								51,141	51,141	(107)	**51,034**
Other elements of total income				23,954			57,750		81,704		**81,704**
Total Income				**23,954**			**57,750**	**51,141**	**132,845**	**(107)**	**132,738**
Allocation of net income - Dividends					(62,182)			50,650	(11,532)		**(11,532)**
Capital increase/decrease			(664)		(35)				(699)		**(699)**
Fair value of Oceanes											
Stock options - bonus shares					1,087				1,087		**1,087**
Movements on treasury shares		55			(181)				(126)		**(126)**
Total transactions with shareholders		**55**	**(664)**		**(61,311)**			**50,650**	**(11,269)**		**(11,269)**
30 June 2010	**93,364**	**(78,609)**	**220,943**	**(26,886)**	**762,687**		**38,565**	**51,141**	**1,061,205**	**(106)**	**1,061,099**
1 January 2011	**93,405**	**(81,501)**	**221,483**	**(28,099)**	**764,120**		**4,159**	**(138,776)**	**834,790**	**1**	**834,791**
Net income								94,264	94,264		**94,264**
Operations intended for sale						(14,136)	14,136	(4,188)	(4,188)		**(4,188)**
Other elements of total income				(4,464)			(28,999)		(33,463)		**(33,463)**
Total Income				**(4,464)**		**(14,136)**	**(14,863)**	**90,076**	**56,613**		**56,613**
Allocation of net income - Dividends					(169,102)			138,776	(30,326)		**(30,326)**
Capital increase/decrease	53		146		(39)				160		**160**
Fair value of Oceanes											
Stock options - bonus shares					1,045				1,045		**1,045**
Movements on treasury shares		1,751			335				2,086		**2,086**
Total transactions with shareholders	**53**	**1,751**	**146**		**(167,761)**			**138,776**	**(27,036)**		**(27,036)**
30 June 2011	**93,458**	**(79,750)**	**221,629**	**(32,563)**	**596,359**	**(14,136)**	**(10,704)**	**90,076**	**864,369**	**1**	**864,370**

8.3 Consolidated Comprehensive Income Statement

8.3.1 Net income for the period

In thousands of euros	Notes	30/06/2011	30/06/2010*
Sales		253,553	80,267
Other income		476	215
Purchases and change in inventories		(9,018)	(10,973)
Other operating purchases and expenses		(36,693)	(17,663)
Tax expense		(27,982)	(7,657)
Compensation expenses		(5,848)	(4,821)
Amortisation charges		(25,413)	(15,783)
Depreciation of exploration and production assets		(5,296)	(75,398)
Provisions and impairment of current assets		(2,334)	(2,590)
Reversals of operating provisions		1,103	954
Gain (loss) on asset disposals		111,638	2
Other expenses		(97)	(1,435)
Operating income	**13**	**254,089**	**(54,882)**
Gross cost of debt		*(23,198)*	*(12,386)*
Income from cash		*2,086*	*294*
Net gain (loss) on derivative instruments		*(5,101)*	*(692)*
Net cost of debt		(26,213)	(12,784)
Other financial income and financial expenses		(58,581)	116,365
Financial income	**16**	**(84,794)**	**103,581**
Income before tax		**169,295**	**48,699**
Income tax	17	(74,705)	(16,956)
Net income from consolidated companies		**94,590**	**31,743**
Net income from equity associates		(326)	2,487
Net income from continuing operations		**94,264**	**34,230**
Net income from operations intended for sale	15	(4,188)	16,804
Net consolidated income		**90,076**	**51,034**
Net income, Group share		*90,076*	*51,141*
Non-controlling interests		*0*	*(107)*
Earnings per share			
Basic		0.78	0.44
Diluted		0.74	0.41
Earnings per share from operations intended for sale			
Basic		-0.04	0.15
Diluted		-0.04	0.12
Earnings per share from continuing operations			
Basic		0.82	0.30
Diluted		0.76	0.27

(*) Restated for operations intended for sale (see Note 15)

8.3.2 Total income for the period

In thousands of euros	30/06/2011	30/06/2010
Net income for the period	**90,076**	**51,034**
Other elements of total income		
Currency translation adjustment	**(28,999)**	**57,750**
of which recycled through income	*(12,054)*	
Derivative instruments	**(4,464)**	**23,954**
- Change in fair value of unexpired hedges (in existence the previous year)	*(1,666)*	*23,954*
- Fair value of new hedges for the period recognised as equity	*(3,354)*	
- Fair value of the portion of hedges recycled through income	*556*	
Total income for the period	**56,613**	**132,738**
- Group share	*56,613*	*132,845*
- Non-controlling interests	*0*	*(107)*

8.4 Cash Flow Statement

In thousands of euros	Notes	30/06/2011	30/06/2010*
Consolidated income from continuing operations before tax		**168,969**	**51,184**
- Net increase (reversals) of amortisation, depreciation and provisions		25,802	18,877
- Unrealised gains (losses) due to changes in fair value		3,550	166
- Exploration expenses		5,252	75,398
- Calculated expenses and income related to stock options and similar benefits		1,045	1,087
- Other calculated income and expenses		3,208	16,617
- Gains (losses) on asset disposals		(111,565)	(2)
- Income (loss) from equity associates		326	(2,487)
- Other financial items		6,333	(238)
Cash flow before taxes		**102,920**	**160,602**
Payment of tax due		(17,943)	(3,932)
Change in working capital requirements for operations		(61,279)	(305)
- Customers		(53,889)	(2,313)
- Suppliers		(16,979)	(11,730)
- Inventories		1,247	(307)
- Other		8,342	14,045
NET CASH FLOW FROM OPERATING ACTIVITIES		**23,698**	**156,365**
Disbursements for acquisitions of tangible and intangible assets		(73,981)	(175,433)
Proceeds from acquisitions of tangible and intangible assets		43,653	4
Disbursements for acquisitions of financial assets (non-consolidated securities)		(303)	(4,698)
Proceeds from disposal of financial assets (non-consolidated securities)		34	10,321
Change in loans and advances granted		131,553	(45,741)
Other cash flows from investing activities		2,397	17
Net proceeds from operations sold	14	(3,870)	51,796
NET CASH FLOW FROM OPERATING ACTIVITIES		**99,483**	**(163,734)**
Amounts received from shareholders as part of capital increases		199	(699)
Dividends paid		0	(11,532)
Proceeds from new loans		77,186	374
Interest paid		(6,340)	238
Borrowing repayments		(158,720)	(183,040)
Treasury share acquisitions		1,751	56
NET CASH FLOW FROM FINANCING ACTIVITIES		**(85,924)**	**(194,603)**
Impact of exchange rate movements		19,124	(98,058)
CHANGE IN NET CASH		**56,381**	**(300,030)**
Cash at start of period		95,375	427,544
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**9**	**151,758**	**127,514**

(*) Restated for activities intended for sale (See Note 15)

8.5 Notes to the consolidated accounts

8.5.1 NOTE 1: GENERAL

The Group's activity in the first half of 2011 was in line with its strategy. It was marked by growing operational performance, reflecting its increased production the continuing high crude oil prices.

Increased production at OML 4, 38 and 41, the implementation of a workover and reconnection programme in Nigeria, and the ramp-up of fields in Gabon allowed the Group to post average entitlements of 19,474 boepd in the first half of 2011 (20,638 boepd in Q2 2011).

In Gabon, assessment and development of the Omoc-North discovery (Onal exploration and operation permit) allowed two additional wells to be connected. These two projects as well as the implementation of a water injection programme at the Omko and Omgw fields should allow the Group to keep increasing production steadily throughout the second half of 2011.

The Omoc and Omoc-N fields are being assessed. In the first half of 2011 two wells were connected to Onal evacuation facilities. The Group has begun drilling the OMSN-W prospect 20 km north of the Onal production centre. Drilling was still in progress on 30 June 2011.

The gross production of Nigerian fields is increasing significantly as a result of wells being reopened. This is as a result of work coordinated by the operator SEPLAT throughout the past year.

The work involved:

- analysing historical data;
- optimising well operations;
- workover and reopening existing wells;
- eeconnecting wells.

Combined with drilling at productive wells and optimising and modernising existing above-ground installations, they will allow production at OML 4, 38 and 41 to increase steadily over the coming months.

In Colombia, a stratigraphic well drilling programme began under the CPO 17 exploration permit (operator Hocol holding 50%, Maurel & Prom Colombia holding 50%). The purpose of the drilling was to assess various geological objectives in the permit.

The first well drilled to a depth of 864m showed the "in situ" presence of oil in the Oligocene sand formations. The works programme at this prospect includes several stratigraphic wells and at least one classic well to the Oligocene objective (Merlin-1) that could turn into a production test. Other major projects have now been defined thanks to the acquisition during 2010 of 618 km of 2D seismic data.

In Peru, civil engineering work should start in the second half in order to allow drilling in the first prospect in the first quarter of 2012. Work has already included mapping and geological surveys as well as environmental impact assessments conducted jointly with local communities.

In France, the Marex company, a Lavignolle permit operator (M&P 25%) has drilled the CDN-1 well and has started civil engineering work for drilling the PEY-1 well.

On 31 March 2011, the Group announced the signing of an agreement to sell 49.99% of its stake in Maurel & Prom Colombia BV to Pacific Rubiales Energy.

With its strong growth and its expertise in the production and processing of heavy crude, Pacific Rubiales Energy has therefore been selected as a strategic partner to develop the Group's resources in Colombia, particularly those under the Sabanero permit.
This alliance could allow Maurel & Prom to rapidly monetise the hydrocarbon resources already identified under this permit, in particular those at Sabanero.

This partnership allows the Group to fund all assessment, development and production set-up operations, as well as a very determined exploration programme by a strategic partner that enjoys remarkable experience in heavy oil production in Colombia.

On 21 March 2011 the Group signed an agreement whereby Maurel & Prom sold its subsidiary Maurel & Prom Venezuela, which owns 26.35% of Lagopetrol, to a company of the Integra Group (Argentina). This transaction was completed for a total of €37.5m. Given the uncertainty regarding the effective dates of settlement, the company decided to provision €12.5m (33%) the corresponding claim.

On 21 June 2011, Maurel & Prom and Tuscany International Drilling Inc., a Canadian petroleum services company listed in Toronto, announced the signing of an agreement whereby Tuscany Rig Leasing S.A., a wholly-owned subsidiary of Tuscany, will acquire all the stock of Caroil SAS, a Maurel & Prom drilling subsidiary.

Tuscany will pay Maurel & Prom the acquisition price on the following terms:

- US$120 million in cash;
- 82.5 million Tuscany shares, listed on the Toronto Stock Exchange (TSX);
- 27.5 million stock options.

The agreement should be finalised in the third quarter of 2011.

Upon completion of the acquisition, Maurel & Prom will hold approximately 29% of Tuscany share capital. By combining forces, Caroil and Tuscany intend to create a major player in oil services in the emerging markets of Latin America and Africa.

The Group’s activity, described above, as well as its economic and financial environment, is reflected in the following elements of the consolidated financial statements. The consolidated financial statements were approved by the Board of Directors on 30 August 2011.

In order to reflect the status of the sale of Caroil in the Group’s consolidated financial statements as at 30 June 2011, Caroil's activity has been recognised under "Assets intended for sale".

The Group’s sales in the first half of 2011 were €253.6 million, versus €80.3 million in the first half of 2010, an increase of 216%.

Operating income from production markedly improved due to the growth in hydrocarbon sales. It was €149 million after amortisation of asset depletion, the rise in the latter due directly to increased production.

Exploration expenses at 30 June 2011 correspond to the Marine III permit in the Congo and the Tangara permit in Colombia.

The Group's operating income was €254 million. It was impacted by proceeds from asset sales as follows:

- Sale of 49.99% of Maurel & Prom Colombia: +€124 million;
- Sale of Maurel & Prom Venezuela: -€13 million.

Financial income was -€84.8 million. It reflects the adverse exchange rates (-€59.7 million) linked to the re-valuation at closure of the Group's currency positions.

Interest expense on the OCEANE 2014 bond issue was €16.9 million. Interest expense on other borrowing was as follows:

- Interest on SEPLAT financing by AFREXIM bank, in the amount of €2.7 million;
- Interest on the Standard Bank line of credit and the RBL, in the amount of €3.7 million.

Maurel & Prom Group consolidated net income was €90 million after recording a tax expense of €75 million.

The balance sheet total at 30 June 2011 was €1,747 million. The Group's share of equity capital was €864 million.

Exploration expenses as at 30 June 2011 amounted to €35.7 million. Development and production investment during the period amounted to €38.3 million and investments by Caroil in the first half of 2011 amounted to €3.2 million.

As at 30 June 2011, Maurel & Prom had net cash of €152 million, up €56 million on 31 December 2010.

8.5.2 NOTE 2: ACCOUNTING METHODS

The Maurel & Prom Group interim consolidated financial statements as at 30 June 2011 have been prepared in accordance with IAS 34 –Interim financial report, which provides for presenting a selection of notes in annexes). The consolidated interim financial statements do not include all the disclosures and information required under IFRS for annual financial statements and must be read in conjunction with the annual financial statements for 2010.

The accounting principles that apply to interim accounts are not significantly different from those used for the 31 December 2010 consolidated financial statements, which were prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union and available on the website:
http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

All new texts or amendments adopted by the European Union and mandatory since 1 January 2011 have been taken into account.

Amendments to IAS 32 (relating to the classification of issue rights)
IAS 24R, revising the standard for mandatory disclosures about related parties;
IFRIC 14, on interim payments under minimum financing arrangements;
IFRIC 19, on using shareholder equity to extinguish financial debt.

These new texts have no significant impact on the 30 June 2011 consolidated financial statements.

The Group has not applied any standards and interpretations that were not mandatory prior to 1 January 2011.

Moreover, the principles for applying the following standards do not differ from IFRS standards as published by the IASB (which are mandatory for periods starting on or after 1 January 2011 and not yet ratified by the European Union) and have no impact on the Group's financial statements:

IAS 12, recovery of underlying assets
IFRS 7, information about the significance of financial instruments
IFRS 9, financial instruments
IFRS 10, consolidated financial statements
IFRS 12, disclosure of interests in other entities
IFRS 13, fair value measurement
IAS 27R, separate financial statements
IAS 28R, investments in associates and joint-ventures

The IASB adoption of the IFRS 11 joint arrangements standard will lead the Group to reconsider, on a case by case basis, how it presents its investments in partnerships.

This standard applies to financial periods starting on or after 1 January 2013.

The Group has applied the IFRS standards homogeneously in all review periods.

Preparing the consolidated financial statements to IFRS standards means that the Group has made accounting choices, estimates and assumptions that impact its assets and liabilities, the ratings of any potential assets and liabilities at period end, and any income and expenses recognized during the period. Changes of fact and circumstance may cause the Group to revise these estimates.

Actual results may differ significantly from these estimates if circumstances or assumptions are different.

Moreover, if a particular transaction is not governed by a standard or interpretation, senior management can use its own judgment in defining and applying any accounting principle that will provide pertinent and reliable information. The financial statements provide a fair and true picture of the Group's financial position, performance and cash flow. They reflect the substance of transactions, are prepared in a prudential manner, and are complete in all material respects.

8.5.3 NOTE 3: CHANGES IN THE COMPOSITION OF THE GROUP

Company	Head Office	Consolidation Methods	% control	
			30/06/2011	31/12/2010
Etablissements Maurel et Prom	Paris	Consolidating company	Consolidating company	
Oil and gas activities				
Caroil	Paris	Fully consolidated	100.00%	100.00%
Panther Eureka Srl	Raguse. Sicily	Fully consolidated	60.00%	60.00%
Maurel & Prom West Africa SAS	France	Fully consolidated	100.00%	100.00%
M&P Gabon (eg: Nyanga Mayombe)	Port-Gentil	Fully consolidated	100.00%	100.00%
M&P Etekamba Gabon	Port-Gentil	Fully consolidated	100.00%	100.00%
General M&P Gabon	Port-Gentil	Fully consolidated	100.00%	100.00%
M&P Peru	Peru	Fully consolidated	100.00%	100.00%
M&P Venezuela SAS	France	Fully consolidated	-	100.00%
Maurel & Prom Colombia BV	Netherlands	Proportionately consolidated	50%	100.00%
Maurel & Prom Latin America BV	Netherlands	Fully consolidated	100.00%	100.00%
Lagopetrol	Venezuela	Equity associate		26.35%
Zetah M&P Congo	Congo	Fully consolidated	100.00%	100.00%
Zetah Kouilou Ltd	Nassau. Bahamas	Proportionately consolidated	15.00%	15.00%
Zetah Noumbie Ltd	Nassau. Bahamas	Proportionately consolidated	49.00%	49.00%
Maurel & Prom Congo S.A.	Pointe Noire, Congo	Fully consolidated	100.00%	100.00%
Maurel & Prom Tanzania Ltd	Tanzania	Fully consolidated	100.00%	100.00%
Raba Xprom Energia Kft	Hungary		-	34.30%
Prestoil Kouilou	Congo	Fully consolidated	100.00%	100.00%
Maurel & Prom Technical Support (eg: Prestoil S.A.S.)	Paris, France	Fully consolidated	100.00%	100.00%
Maurel & Prom Exploration Production Tanzania Ltd	Dar el Salem, Tanzania	Fully consolidated	100.00%	100.00%
Maurel & Prom Nigeria	France	Fully consolidated	100.00%	100.00%
SEPLAT	Lagos, Nigeria	Proportionately consolidated	45.00%	45.00%
Other activities				
New Gold Mali (NGM)	Bamako, Mali	Equity associate	26.00%	26.00%
Maurel & Prom International S.A.	Geneva, Switzerland	Fully consolidated	99.99%	99.99%

Sale of Maurel & Prom Colombia BV

On 31 March 2011, the Group announced a partnership to sell 49.9999% of its stake in Maurel & Prom Colombia BV to Pacific Rubiales Energy.

The provisions relating to this transaction are fully explained in the Note "Income from disposals".

Sale of Maurel & Prom Venezuela SAS

On 21 March 2011 the Group signed an agreement whereby Maurel & Prom sold its subsidiary Maurel & Prom Venezuela, which owns 26.35% of Lagopetrol, to a company of the Integra Group (Argentina). This transaction was completed for a total of €37.5m. Given the uncertainty regarding the effective dates of settlement, the company decided to provision €12.5m (33%) the corresponding claim.

Completion of the Renaissance Energy liquidation process

The company was definitively wound up on 23 March 2011.

Caroil

On 21 June 2011, Maurel & Prom and Tuscany International Drilling Inc., a Canadian petroleum services company listed in Toronto, announced the signing of an agreement whereby Tuscany Rig Leasing S.A., a wholly-owned subsidiary of Tuscany, will purchase all the securities of Caroil SAS, a Maurel & Prom drilling subsidiary.

Consequently, the Group's consolidated financial statements are presented in accordance with the IFRS 5 standard governing activities intended for sale (See Note 15).

Sale of Raba XProm Energia Kft

The Raba XProm Energia Kft subsidiary was sold on 29 March 2011 relinquishing its current account.

Note that the Group has a 34.3% stake in this company but consolidated it at 63.63%, taking into account the defaulting part of the partnership.

NOTE 4: INTANGIBLE ASSETS

Changes in intangible assets

In thousands of euros	Goodwill	Oil research and exploitation rights	Exploration costs	Other	Total
Gross value at 1 January 2010	**6,403**	**122,217**	**361,888**	**1,925**	**492,433**
Exploration investment	0	64,884	244,631	669	310,184
Sales/Reductions	0	0	(4,884)	0	(4,884)
Exploration expenses	0	0	(135,126)	0	(135,126)
Acquisitions of subsidiaries	0	0	0	0	0
Sales of subsidiaries	0	0	0	0	0
Currency translation adjustment	0	8,483	15,663	32	24,178
Transfers	0	36	(63 571)	0	(63,535)
Gross value at 31 December 2010	**6,403**	**195,620**	**418,600**	**2,626**	**623,248**
Exploration investment	0	0	35,604	80	35,684
Sales/Reductions	0	(34)	(116)	(53)	(203)
Exploration expenses	0	0	(5,252)	0	(5,252)
Changes in consolidation scope	0	0	(17,725)	(195)	(17,920)
Changes in fair value	0	64,560	0	0	64,560
Currency translation adjustment	0	(15,285)	(22,640)	(61)	(37,986)
Transfers	0	0	17	(177)	(160)
Gross value at 30 June 2011	**6,403**	**244,861**	**408,488**	**2,220**	**661,971**
Cumulative amortisation and impairment as at 1 January 2010	**0**	**6,315**	**26,939**	**1,448**	**34,702**
Amortisation charges	0	8,436	79,680	298	88,414
Disposals/Reversals	0	0	0	0	0
Exploration expenses	0	0	0	0	0
Currency translation adjustment	0	213	2,137	5	2,355
Changes in consolidation scope	0	0	0	0	0
Sales of subsidiaries	0	0	0	0	0
Transfers	0	14	(22,861)	0	(22,847)
Cumulative amortisation and impairment at 31 December 2010	**0**	**14,978**	**85,895**	**1,751**	**102,624**
Amortisation charges	0	4,011	0	252	4,263
Disposals/Reversals	0	0	0	(53)	(53)
Exploration expenses	0	0	0	0	0
Currency translation adjustment	0	(980)	(520)	(16)	(1,516)
Changes in consolidation scope	0	0	0	10	10
Transfers	0	0	0	(189)	(189)
Cumulative amortisation and impairment at 30 June 2011	**0**	**18,009**	**85,375**	**1,755**	**105,139**
Net book value at 30 June 2011	**6,403**	**226,852**	**323,113**	**465**	**556,832**
Net book value at 31 December 2010	**6,403**	**180,642**	**332,705**	**875**	**520 ,624**

Exploration investment

Goodwill at 30 June 2011 amounted to €35,684 k, with the main investments in the period relating to:

- Operations under the Omoueyi permit in Gabon, in the amount of €25,032 thousand;
- Exploration expenses by Maurel & Prom Colombia BV, in the amount of €5,408 k, mainly under the COR 15, CPO17, Muisca and Sabanero permits;
- Exploration expenses incurred in Peru on Block 116, in the amount of €1,127 k;
- Exploration expenses at the Lavignolle-Mios permit, in the amount of €1,147 k.

Exploration expenses

As at 30 June 2011, exploration costs posted to expenses amounted to €5,252 k and related mainly to the Marine 3 Congo permit in the amount of €1,547 k and the Tangara Colombia permit in the amount of €2,961 k.

Changes in consolidation scope

The sale of 50% of the Colombian company Maurel & Prom Colombia BV in the first half of 2011 impacted the net value of intangible assets in the amount of - €17,909 k (see Note 1 General).

Changes in fair value

Pursuant to IAS 27R, the sale of 50% and loss of control of the Colombian company Maurel & Prom Colombia BV in the first half of 2011 led to a fair value valuation of the intangible assets sold generating an impact of €64,560 k.

Amortisation and impairment

Amortisation charges and provisions during the period relate mainly to the depletion of Onal reserves in the amount of €1,269 k and the depletion of Nigerian reserves in the amount of €1,549 k.

Currency translation adjustment

The re-valuation of assets held in dollars at the closing rate produced a net negative translation adjustment of €36,470 k.

Impairment

Marine III and Mandawa licenses have been relinquished resulting in a €5m write-offs for the first half 2011. For the rest of the perimeter, there was no additionnal impairment since 31 December 2010, even on the Tanzanian licenses (and Bigwa Rufiji Mafia) that are subject to a farm-out process.

8.5.5 NOTE 5: PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment

In thousands of euros	Land and construction	Technical facilities	Down payments and constructions in progress	Other assets	Total
Gross value at 1 January 2010	**3,322**	**572,671**	**17,992**	**14,638**	**608,623**
Development/prod. investments	754	132,207	21,677	7,209	161,847
Dismantling assets		(7,944)			(7,944)
Sales/Reductions	0	(17)	0	(64)	(81)
Assets decommissioned	0	(3,494)	0	(4)	(3,498)
Changes in consolidation scope	0	0	0	0	0
Sales of subsidiaries	0	0	0	0	0
Currency translation adjustment	15	44,908	1,469	751	47,143
Transfers	(73)	91,073	(30,001)	(62)	60,937
Gross value at 31 December 2010	**4,018**	**829,404**	**11,137**	**22,468**	**867,027**
Development/prod. investments	369	34,407	3,666	3,056	41,498
Dismantling assets		554			554
Sales/Reductions	(77)	(180)	0	(68)	(325)
Assets decommissioned	0	(2,137)	(330)	(10)	(2,477)
Changes in consolidation scope	(50)	(3)	0	46	(7)
Currency translation adjustment	(80)	(66,139)	(676)	(1,405)	(68,300)
Transfers	181	(155,296)	(13,534)	(3,229)	(171,878)
Gross value at 30 June 2010	**4,361**	**640,610**	**263**	**20,858**	**666,092**
Cumulative amortisation and impairment at 1 January 2010	**216**	**58,064**	**0**	**2,911**	**61,191**
Amortisation charges	380	56,889	0	1,312	58,581
Disposals/Reversals	(2)	(2,063)	0	(62)	(2,127)
Assets decommissioned	0	0	0	(5)	(5)
Currency translation adjustment	2	3,820	0	77	3,899
Changes in consolidation scope	0	0	0	0	0
Sales of subsidiaries	0	0	0	0	0
Transfers	(23)	22,729	0	(63)	22,643
Cumulative amortisation and impairment at 31 December 2010	**573**	**139,439**	**0**	**4,170**	**144,182**
Amortisation charges	171	28,270	0	700	29,141
Disposals/Reversals	(77)	(642)	0	(68)	(787)
Assets decommissioned	0	(1,387)	0	(8)	(1,395)
Currency translation adjustment	(11)	(11,326)	0	(135)	(11,472)
Changes in consolidation scope	1	0	0	112	113
Transfers	0	(61,431)	0	(1,523)	(62,954)
Cumulative amortisation and impairment at 30 June 2011	**657**	**92,923**	**0**	**3,248**	**96,828**
Net book value at 30 June 2011	**3,703**	**547,687**	**263**	**17,610**	**569,265**
Net book value at 31 December 2010	**3,446**	**689,964**	**11,137**	**18,298**	**722,844**

Development/production investments

Investment in property, plant and equipment over the period amounted to €41,498 k, mainly for:

- Investments in the Omoueyi permit in the amount of €36,343, in particular the development costs at the Onal field relating to production infrastructure, construction of platforms and drilling and completion operations.

- Investments in property, plant and equipment in Nigeria by Maurel & Prom through its subsidiary SEPLAT in the amount of €848 k (Maurel & Prom share).

- Investments by Caroil in the amount of €3,201 k in existing drilling equipment.

Assets decommissioned

During the first half of 2011, Caroil decommissioned property, plant and equipment with a net value of €1,078 k (gross value €2,477 k and depreciation €1,395 k).

Dismantling assets

Dismantling assets recognised under the Omoueyi permit increased by €538 k in the first half of 2011.

Transfers

Transfers related mainly to the reclassification of Caroil's property, plant and equipment as assets intended for sale. The net impact on property, plant and equipment was €108,903 k (€172,096 k gross property, plant and equipment and €63,193 depreciation).

Amortisation and impairment

The €28,270 k charge recognised as depreciation of technical facilities relates mainly to the depreciation of Caroil rigs in the amount of €7,360 k, asset depletion at the Omoueyi permit in the amount of €14,659 k and the Nigerian fields in the amount of €5,960 k.

Currency translation adjustment

The re-valuation of assets held in dollars at the closing rate produced a net negative translation adjustment of €56,828 k.

8.5.6 NOTE 6: NON-CURRENT FINANCIAL ASSETS

In thousands of euros	Financial assets available for sale	Loans and receivables	Total
Value at 1 January 2010	**10,202**	**10,828**	**21,030**
Changes in consolidation scope	0	0	0
Increase	0	54,841	54,841
Decrease	(10,354)	(3,521)	(13,875)
Impairment	0	0	0
Fair value	0	0	0
Impairment reversals	1,067	0	1,067
Currency translation adjustment	0	31	31
Transfers	0	(869)	(869)
Value at 31 December 2010	**915**	**61,311**	**62,226**
Changes in consolidation scope	0	(42)	(42)
Increase	294	26,272	26,566
Decrease	0	(7,505)	(7,505)
Impairment	0	66	66
Fair value	0	0	0
Impairment reversals	0	0	0
Currency translation adjustment	0	(26)	(26)
Transfers	(37)	(158)	(195)
Value at 30 June 2011	**1,172**	**79,918**	**81,090**

Non-current loans and receivables

Changes in this item mainly relate to:

- Increase of €11.6 million in loans longer than one year to the SEPLAT subsidiary, which is 45% owned. This item was €46,534 k at 30 June 2011;
- The reduction in the guarantee deposit relating to the drawdown on the RBL, corresponding to 5% of the amount drawn (-€5.3 million). This item was €5,883 k at 30 June 2011;
- The €1 million reduction in deposits paid by head office as guarantees for work commitments in Colombia due to the re-valuation of amounts in dollars at the closing rate;
- Loans longer than one year (€14 million) to Pacific Rubiales following the sale of 50% of the Maurel & Prom Colombia BV subsidiary.

8.5.7 NOTE 7: CUSTOMERS AND OTHER CURRENT ASSETS

In thousands of euros	30/06/2011	31/12/2010
Due from customers – oil and gas activities	95,181	46,035
Due from customers – drilling activities	0	24,203
Other	2,021	846
Total	**97,202**	**71,084**
Depreciation to be deducted	0	0
Net value	**97,202**	**71,084**

Customer accounts relating to hydrocarbon sales relate mainly to receivables, partly from Socap (Total Group) and Sogara (refinery owned by the State of Gabon) for production sold from the Omoueyi permit fields (€73,392 k) and partly to receivables from Shell Nigeria for production sold from Nigerian fields (€21,061 k).

In drilling activities, all Caroil receivables have been reclassified as assets intended for sale.

Other financial and non-financial current assets break down as follows:

In thousands of euros		
Other current financial assets	**30/06/2011**	**31/12/2010**
Credits receivable	0	351
Receivables for participations and associations	38,207	77,147
Loans and other	1,094	125,800
Sundry debtors	107,128	101,741
Gross value	**146,429**	**305,039**
Depreciation to be deducted	(58,510)	(44,617)
Net value	**87,919**	**260,422**
Other current assets	**30/06/2011**	**31/12/2010**
Advances and down payments	845	2,183
Prepaid expenses	2,623	3,863
Tax and social receivables (excl. inc. tax)	25,851	32,257
Other assets	5,297	5,866
Gross value	**34,616**	**44,169**
Depreciation to be deducted	(2,166)	0
Net value	**32,450**	**44,169**

Receivables for participations and associations

As at 30 June 2011, this item consisted primarily of the following:

- A fully depreciated current account in the amount of €16,751 k on the Congo permit Tilapia retroceded on 29 April 2009;
- A fully depreciated current account in the amount of €10,734 on the New Gold Mali subsidiary, an equity associate;
- A SEPLAT current account relating to the Nigerian Petroleum Development Company (NPDC) in the amount of €5,429 k, corresponding to the re-invoicing of costs relating to the operation of Nigerian permits.

Loans and other

As at 30 June 2011, the change in the item "Loans and other" amounted to - €124,706 k. This change is mainly due to the reimbursement of the collateral paid in 2010 to BNP to guarantee the financing of the acquisition of Nigerian assets by the subsidiary SEPLAT, in the amount of $167,000 k (equivalent to €124,981 at 31 December 2010).

Sundry debtors

As at 30 June 2011, the balance of this item was made up mainly of the following elements:

- receivables from Integra regarding the sale of Maurel & Prom Venezuela SAS for a total of €37,5m, depreciated up to €12,5m to reflect the economic value of the asset given the uncertainty regarding the effective dates of settlement;
- the current portion of the receivable from Pacific Rubiales following the sale of 50% of MP Colombia BV for €20,909 k. The total amount of the receivable recognised amounted to €35,577 k (see Note 14 Income from sales);
- receivables due to the company SEPLAT in the amount of €12,454 k relate to:
  - 7.8 million relating to a funds constituted at the company Abbeycourt International as part of its mission to research development opportunities in Nigeria. A €2 million impairment was laid against this receivable to take into account the consumption of part of the costs committed;
  - A €4.7 million down payment made for the acquisition or rental of an offshore hydrocarbon processing and evacuation unit;

- receivables from partners in the subsidiary Panther in the amount of €9,024 k. These receivables as well as accrued interest (€1,789 k) were fully depreciated;
- sundry receivables held by the company Maurel & Prom Gabon Omoueyi in the amount of €10,083 k, of which €4,078 k as compensation for damage at BAC ST 106 and €5,901 k for the re-invoicing of costs to the partner Tullow.

Prepaid expenses

Prepaid expenses changed by - €1,240 k, mainly due to the reclassification of Caroil prepaid expenses as assets intended for sale (- €1,279 k).

Tax and social receivables

Group tax and social receivables declined by €6,406 k. This was mainly due to the reclassification Caroil tax and social receivables as assets intended for sale in the amount of €5,355 k.

As at 30 June 2011, the balance of tax and social receivables of €25,851 k mainly included the VAT receivables of the Gabon and Tanzania companies (€11,769 k and €6,902 k, respectively), and of the company Panther (€3,550 k).

Impairment of other financial assets

As at 30 June 2011, impairment of other current assets corresponded mainly to the provisioning of the receivables from Integra regarding the sale of M&P Venezuela given the uncertainty regarding the effective dates of settlement (€12.5m) and to the provisioning of Tanzanian VAT receivables in the amount of €2,166 k too.

Other assets

As at 30 June 2011, the balance of other assets consisted mainly of expenses to be allocated for the cost of setting up the RBL (Reserve Based Loan) signed in 2009.

8.5.8 NOTE 8: DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS

In thousands of euros	30/06/2011			31/12/2010
	Current	Non-current	Total	Total
Financial instruments (assets)	**4,814**	**0**	**4,814**	**3,931**
Interest-rate instruments	0	0	0	0
Exchange-rate instruments	0	0	0	0
Hydrocarbon instruments	*4,814*	0	4,814	3,931
Financial instruments (liabilities)	**21,362**	**30,352**	**51,714**	**44,426**
Interest-rate instruments	0	0	0	0
Exchange-rate instruments	0	0	0	0
Hydrocarbon instruments	*21,362*	30,352	51,714	44,426
Total	**(16,548)**	**(30,352)**	**(46,900)**	**(40,495)**

As part of its ongoing operations, the Group uses financial instruments to reduce its exposure to the risk of fluctuations in oil prices and to a lesser extent in forex rates.

Various instruments are used including contracts on organised or over-the-counter markets for futures, forwards, swaps and options.

Changes in the fair value of derivative instruments are posted in the income statement or shareholders' equity in accordance with IFRS, specifically IAS 32 and 39.

The fair values of derivative energy instruments are all considered level 2, corresponding to the use of prices based on observable data.

Derivative instruments on hydrocarbons

There are two types of derivatives used to reduce exposure to the risk of changes in hydrocarbon prices:

- crude sale swaps setting the barrel sale price for a given volume and period;
- more sophisticated products that combine sales of swaps and options to set the barrel sale price of crude while benefiting to a certain extent from favourable market movements.

Although they are used for economic hedging, when these derivative products display certain optional characteristics they can be totally or partially ineligible for treatment as hedges under IFRS rules. For this reason, some derivative instruments in the portfolio are classified as trading instruments.

Hedges put in place in late 2008 and early 2009 as part of starting up production in Gabon representing 8,750 boepd in 2009, 7,500 boepd in first half 2010 and 6,750 boepd in second half 2010, have mostly expired. Only two derivative instruments remain in 2011 for 2,500 boepd expiring 31 December 2011, and two derivatives for 500 boepd each which separately expire 31 December 2012 and 31 December 2013.

In view of ramping up production in Gabon and incorporating production in Nigeria, new hedges were put in place in late 2010 and early 2011: two derivatives for 1,000 boepd in 2011, three derivatives for 1,500 boepd in 2012 and one derivative for 500 boepd in 2013.

The characteristics of the derivative instruments put in place are detailed in the following table:

Type of contract	Synthetic product	Counterparty	Trade Date	Start Date	End Date	Price	Quality	MTM $K	MTM €K	2011	2012	2013	Accounting classification
Sell swap		Calyon	08/01/09		31/12/11	62.00	Brent	-4,657	-3,222	500			Allocated since 1/5/09
Sell swap		Calyon	13/05/09		31/12/11	62.15	Brent	-18,572	-12,850	2,000			Allocated since 1/5/09
Sell swap	Structure 1	Calyon	22/10/10	01/01/11	31/12/12	91.00	Brent	-5,869	-4,061	500	500		Allocated since origin
Sell SWAPTION	Cancellable swap	Calyon	22/10/10	01/01/11	31/12/11	91.00	Brent	-399	-276		-500		Unallocated
Sell asian put		Calyon	22/10/10	01/01/11	31/12/13	59.00	Brent			500	500	500	Unallocated
Buy call option	Structure 2 3 ways	Calyon	22/10/10	01/01/11	31/12/13	80.70	Brent	6,167	4,267	-500	-500	-500	Unallocated
Sell call option		Calyon	22/10/10	01/01/11	31/12/13	100.00	Brent			500	500	500	Unallocated
Sell swap		Calyon	22/10/10	01/01/11	31/12/13	80.00	Brent	-14,274	-9,876	500	500	500	Allocated since origin
Sell put option		BNP	09/11/10	01/01/12	31/12/12	59.00	Brent				-500		Unallocated
Buy put option	Structure 3 4 ways	BNP	09/11/10	01/01/12	31/12/12	80.00	Brent	-3,215	-2,224		500		Unallocated
Sell call option		BNP	09/11/10	01/01/12	31/12/12	110.00	Brent				500		Unallocated
Buy call option		BNP	09/11/10	01/01/12	31/12/12	143.00	Brent				-500		Unallocated
Sell swap		Natixis	12/01/11	31/01/11	31/12/11	97.05	Brent	-1,186	-821	500	500		Allocated since origin
Buy put		Natixis	12/01/11	01/01/12	31/12/13	80.00	Brent				500	500	Unallocated
Buy call	Structure 4 3 ways	Natixis	12/01/11	01/01/12	31/12/13	105.00	Brent	-3,545	-2,453		500	500	Unallocated
Sell call		Natixis	12/01/11	01/01/12	31/12/13	146.00	Brent				-500	-500	Unallocated
Sell swap		Standard	12/01/11	01/01/12	31/12/12	101.50	Brent	-1,845	-1,277		500		Allocated since origin
Sell asian put	Structure 5 3 ways	Standard	12/01/11	01/01/12	31/12/12	85.00	Brent	-694	-480		500		Unallocated
Buy call		Standard	12/01/11	01/01/12	31/12/12	135.00	Brent	790	547		500		Unallocated
Sell swap		Natixis	21/01/11	01/02/11	31/12/11	99.00	Brent	-1,036	-717	500			Allocated since origin
Sell put	Structure 6 3 legged ways	Natixis	21/01/11	01/02/11	31/12/11	85.00	Brent	-32	-22	-500			
Buy call		Natixis	21/01/11	01/02/11	31/12/11	135.00	Brent			500			
					Portfolio MTM			*-48,365*	*-33,464*				
													Allocated since origin
			Booked hedges		*Volumes hedged*					*4,500*	*1,500*	*500*	Unallocated
					Average hedge price (in $)					*75*	*91*	*80*	Unallocated

The re-valuation at market price of these various transactions as at 30 June 2011 produced a posting of a €4.8 million asset and €38.3 million liability.

Additionally, the Group recognised under financial instruments the fair value of the price supplement payable as part of the acquisition of Nigerian assets. This price supplement, amounting to US$33 million, will be paid if the average price of Brent remains above US$80/b for 731 consecutive days from the date the assets are acquired. As at 30 June 2011, this fair value was US$32,272 thousand (100%), of which €10,047 thousand corresponds to Maurel & Prom's share in SEPLAT.

Fair value reserve in shareholders' equity

The impact of hedge derivatives on shareholders' equity is shown in the following table:

Impact of financial instruments on shareholders' equity		
In thousands of euros	**30.06.2011**	**31.12.2010**
Fair value reserve at period start	**(28,099)**	**(50,840)**
Change in fair value of unexpired hedges (in existence the previous year)	(3,589)	25,659
Fair value of new hedges for the period in shareholders' equity	(3,494)	5,842
Fair value of the portion of hedges recycled through income	556	(10 712)
Deferred tax		
Forex impact	2,064	1,952
Fair value reserve at period end	**(32,563)**	**(28,099)**

Change in shareholders' equity during the period (excluding forex impact)	**(6,527)**	**20,789**

Closing rate at 31 December 2010	*1.3362*	
Average rate at 30 June 2011	*1.4036*	
Closing rate at 30 June 2011	*1.4453*	

8.5.9 NOTE 9: CASH AND CASH EQUIVALENTS

Cash equivalents include liquid assets and investments with terms of less than three months.

In thousands of euros	30/06/2011	31/12/2010
Cash, Banks and similar	123,984	95,207
Short-term bank deposits	27,882	216
Long-term investment securities	0	0
Total	**151,866**	**95,423**
Bank loans	108	48
Net cash & cash equivalents at period end	**151,758**	**95,375**

As at 30 June 2011, Maurel & Prom posted net cash of €152 million, up €56 million on 31 December 2010, mainly reflecting:

- repayment of the guarantee lodged with BNP, in the amount of €125 million;
- reduction in the level of drawdown on the RBL from €300 million at 31 December 2010 to €170 million at 30 June 2011, a reduction of €81 million;
- repayment of a US$50 million (€35 million) relay loan at Standard Bank;
- partial repayment of a shareholder loan to SEPLAT, in the amount of €12 million;
- partial drawdown (€11 million) of a €15 million line of credit at BGFI;
- proceeds of €44 million from the sale of 50% of the Group's stake in Maurel & Prom Colombia;
- investments in the period: €74 million (exc. Caroil).

8.5.10 NOTE 10: PROVISIONS

In thousands of euros	Site remediation	Employee benefits	Other	Total
Balance at 1 January 2010	**14,245**	**688**	**13,079**	**28,012**
Currency translation adjustment	1 ,079	0	316	1,395
Changes in consolidation scope	0	0	0	0
Provisions constituted in the period	(10)	36	7,051	7,077
Used	(632)	(16)	(2,805)	(3,453)
Other prov. constituted and reversals	(7,944)	0	(2,379)	(10,323)
Impact of accretions	566	0	0	566
Balance at 31 December 2010	**7,304**	**708**	**15,262**	**23,275**
Current portion	1,857	468	15,262	17,588
Non-current portion	5,447	240	0	5,687

In thousands of euros	Site remediation	Employee benefits	Other	Total
Balance at 31 December 2010	**7,304**	**708**	**15,262**	**23,274**
Currency translation adjustment	(567)	0	(218)	(785)
Changes in consolidation scope	0	0	(4)	(4)
Provisions constituted in the period	662	13	93	768
Used	(5)	0	(493)	(498)
Other prov. constituted and reversals	554	(63)	(6,340)	(5,849)
Impact of accretions	350	0	0	350
Balance at 30 June 2011	**8,298**	**658**	**8,300**	**17,256**
Current portion	2,281	474	8,300	11,055
Non-current portion	6,017	184	0	6,201

Site remediation

As at 30 June 2011, the provision for site remediation in the Maurel & Prom financial statements primarily concerns Gabon in the amount of €7,106 thousand for the Omoueyi permit and €654 thousand for Nigeria.

Employee benefits

As at 30 June 2011, the provision for retirement and other post-employment benefits mainly involves Maurel & Prom head office. Liabilities are measured at each annual period end by an independent actuary.

Other provisions

Other provisions for risks and expenses are shown in the following table:

In thousands of euros	Dec 2010	Change	June 2011	
Risks on Congo operations	1,500	0	1,500	*(1)*
Risks on equity associates	2,283	326	2,609	*(2)*
Repatriation of Caroil rigs	3,327	-3,327	0*	
Other	8,152	-3,961	4,191	*(3)*
Other provisions for risks and expenses	**15,262**	**-6,962**	**8,300**	

** reclassified as liabilities intended for sale*

(1) The provision allocated in 2007 to hedge a series of risks linked to the sale of most of the Group's activities in the Congo to Eni still appears in the accounts in the amount of €1,500 thousand awaiting final write-down.
(2) The Group creates provisions, when necessary, for net negative positions of companies which it is consolidating by the equity method in accordance with IAS 28. At 30 June 2011, New Gold Mali was the only equity associate.
(3) Other provisions mainly relate to provisions for risk incurred as part of various litigation risks.

8.5.11 NOTE 11: BOND ISSUES, OTHER BORROWING AND FINANCIAL DEBT

Bonds, other borrowings and financial debts are detailed below:

In thousands of euros	Currency	30/06/2011			31/12/2010
		Current	Non-current	Total	Total
Bonds		**26,331**	**333,511**	**359,842**	**342,932**
Other borrowing and debt		**77,019**	**117,623**	**194,642**	**335,834**
Banco de Occidente	USD	0	0	0	2,397
AFREXIM - SEPLAT - loan	USD	65,748	0	65,748	0
BGFI – line of credit	EUR	11,000	0	11,000	0
BNP - SEPLAT - discount	USD	0	0	0	14,429
BNP - SEPLAT - loan	USD	0	0	0	56,806
BNP - RBL	USD	271	117,623	117,894	224,778
Standard Bank	USD	0	0	0	37,423
Bank loans		**108**	**0**	**108**	**48**
Total other borrowings and financial debt		**77,127**	**117,623**	**194,750**	**335, 881**

Bonds

The Group issued two OCEANE bonds in 2009 and 2010, maturing 31 July 2014 and 31 July 2015, respectively.

Interest expense during the period was €16,911 thousand (€13,936 thousand for Oceane 2014 and €2,975 thousand for Oceane 2015).

Other borrowing and financial debt

On 29 May 2009, the Group entered into a new loan agreement with a consortium of four banks (BNP Paribas, Calyon, Natixis and Standard Bank) for US$255 million, guaranteed by the pledge of the oil reserves in Gabon ("Reserve Based Loan" or RBL). This facility was set up as part of financing the acquisition of Nigerian assets.

The RBL was increased to US$300 million during the first quarter of 2010, then to US$330 million in January 2011 and was fully drawn down at 31 December 2010.

In May 2011, US$160 million of it was repaid following the encashment by Maurel & Prom of the repayment of the BNP guarantee deposited in 2010 to back the financing of the subsidiary SEPLAT.

As at 30 June, US$170 million of the RBL was drawn down, equivalent to €117,623 thousand, the current portion of the RBL corresponding to accrued interest.

The draw-down comes with the obligation to set aside an amount equal to 5% of the amount drawn, i.e. US$8.5 million (€5,881 thousand) at 30 June 2011, which figures as a deposit in the Group's financial statements.

Interest payable for the RBL was €271 thousand at 30 June 2011.

The line of credit from Standard Bank in the amount of US$50 million (€37,423 thousand) at 31 December 2010 was repaid in March 2011.

The Group also took out a line of credit at BGFI in April 2011 in the amount of €15 million, with €11 million of it drawn down as at 30 June 2011. This line has a 12-month renewable term.

In addition, in late March the SEPLAT subsidiary repaid the BNP relay loan of US$167 million which had been guaranteed by a collateral deposit equal to the amount paid by Maurel & Prom (see Note 6). At the same time, a new short-term financing facility was signed with AFREXIM and Skye bank for US$ 200 million while awaiting for comprehensive structured financing, currently under way.

8.5.12 NOTE 12: SUPPLIER DEBTS – OTHER CREDITORS AND SUNDRY FINANCIAL LIABILITIES

	30/06/2011			31/12/2010		
In thousands of euros	< 1 yr	> 1 yr	Total	< 1 yr	> 1 yr	Total
Suppliers and accrued charges	**35,270**	**0**	**35,270**	**70,842**	**0**	**70,842**
Suppliers	19,726	0	19,726	42,295	0	42,295
Accrued charges	15,544	0	15,544	28,547	0	28,547
Other creditors and sundry liabilities	**92,326**	**700**	**93,026**	**120,988**	**271**	**121,259**
Social debts	3,658	0	3,658	6,748	0	6,748
Tax debts	8,722	0	8,722	8,095	0	8,095
Fixed asset suppliers	4	0	4	1,443	0	1,443
Sundry creditors	79,942	700	80,642	104,702	271	104,973

Suppliers and related accounts

The supplier account at 30 June 2011 consists mainly of:

- supplier debts on the Omoueyi permit in Gabon in the amount of €14,757 thousand;
- supplier debts of the company Maurel & Prom Colombia BV in the amount of €1,250 thousand.

The change in the supplier account during 2011 was - €22,569 thousand. The main elements of this change were as follows:

- reclassification to liabilities intended for sale of Caroil's entire supplier debt (impact of -€9,970 thousand);
- termination of operations under the Mandawa permit in Tanzania in the amount of €3,829 thousand;
- reduction in Maurel & Prom Colombia BV supplier debt, in the amount of €5,789 thousand, mainly due to the sale of 50% of the company.

Accrued charges at 30 June 2011 relate to the Omoueyi permit in Gabon, in the amount of €9,712 thousand.

The change in accrued charges (- €13,003 thousand) was mainly due to a slowdown in drilling activity at the Omoueyi permit than in 2010 (- €9,198 thousand) and to the reclassification of Caroil accrued charges as liabilities intended for sale (- €2,590 thousand).

Other creditors and sundry liabilities

At 30 June 2011, other creditors and miscellaneous liabilities amounted to €93,026 thousand and consisted mainly of:

- the dividend payable to Group shareholders for the 2010 fiscal year in the amount of €30,326 thousand;
- various creditors of SEPLAT, consisting mainly of debts relating to mining royalties (€12,894 thousand);
- retrocessions of sales of the Maurel & Prom company operating the Omoueyi permit fields, in the amount of €13,075 thousand;
- mining royalties on the Omoueyi field, in the amount of €6,174 thousand.

The €48,645 thousand debt to Natixis, resulting from the mobilisation in 2010 of the price supplement cited in the memorandum of understanding for the sale of Hocol Petroleum Ltd (Hocol Colombia) to Ecopetrol, was paid off in February as a result of the purchaser paying this price supplement.

Caroil's other creditors and sundry liabilities have been reclassified as liabilities intended for sale, in the amount of €4,181 thousand.

8.5.13 NOTE 13: OPERATING INCOME

In thousands of euros	30/06/2011	30/06/2010*
Sales	253,553	80,267
Gross margin	208,318	51,846
Gross operating surplus	**174,488**	**39,368**
Amortisations for depletion	-25,413	-15,783
Income from production activities	**149,075**	**23,585**
Exploration expenses	-5,296	-75,398
Income from production and exploration activities	**143,779**	**-51,813**
Income from asset disposals	111,638	2
Other operating elements	-1,328	-3,071
Operating income	**254,089**	**-54,882**

(*) Restated for sold activities

Gross margin corresponds to sales minus purchases of materials and consumables, plus services rendered.

Gross operating surplus corresponds to gross margin minus taxes and duties (excluding income tax) and payroll expenses.

These two indicators provide a realistic picture of the performance achieved in production activities.

The sharp increase in sales and production income compared to the previous year is mainly due to ramping up operations in Gabon (volumes up +50%), the incorporation of SEPLAT sales in Nigeria (starting the second half of 2010) and high barrel prices during the period (average US$110 versus US$76 in the first half of 2010). The weakness of the US dollar (the €/$ rate sliding -5% since the previous year) induced a negative forex impact on sales which, however, remains marginal given the price effect mentioned earlier.

The change in sales and gross operating surplus is shown in the following table:

	June 2011			June 2010		
	Sales	Gr Op Surplus		Sales	Gr Op Surplus	
Gabon	202	158	78%	98	64	65%
Nigeria	71	46	65%	0	0	
Hedges	-20	-20		-18	-18	
Support structures and taxes	1	-11			-7	
	254	**174**	68%	**80**	**39**	48%

Amortisation of depletion relates to Gabon assets in the amount of €16,282 thousand and Nigerian assets in the amount of €7,764 thousand.

Exploration costs recognised as expenses relate to the Marine 3 permit in the Congo and the Tangara permit in Colombia.

8.5.14 NOTE 14: INCOME FROM DISPOSALS

Venezuela

On 21 March 2011 the Group signed an agreement whereby Maurel & Prom sold its subsidiary Maurel & Prom Venezuela, which owns 26.35% of Lagopetrol, to a company of the Integra Group (Argentina). The €37.5 million sale price will be paid progressively to match the pace of the dividends expected to be received from Lagopetrol in the fiscal years 2008 to 2010.

Income from sale:

In thousands of euros	
Sale price	37,500
Provision on receivables linked to the sale price	-12,500*
Net book value of sold assets	-30,356**
Loss on disposal	-5,356
Other elements of income from sale	-7,603
Income from sale	-12,959

** of which €1,543 thousand is reserve for translation adjustments*

***Valuation of the receivables at the economic value*

The Group made the economic value of the receivables from Integra and decided to provision €12.5m, given the uncertainty regarding the effective dates of settlement

To date, no receipt has been recorded in this regard.

Colombia

Maurel & Prom signed an agreement on 28 April 2011 for Pacifica Rubiales Energy to acquire 49.9999% of the Colombian company M&P Colombia BV, holding interests in the Sabanero permit (M&P 100%), Muisca (M&P 100%), SSJN-9 (M&P 50%), CPO-17 (M&P 50%), and COR-15 (M&P 100%).

With its strong growth and its expertise in producing and processing heavy crude, Pacific Rubiales Energy has also been chosen by the Group as a strategic partner to develop the Group's resources in Colombia, particularly those under the Sabanero permit.

The sale is subject to the following conditions:

- The costs charged to this permit in the amount of US$63.1 million are reimbursed in full to Maurel & Prom at the end of the audit;
- Future exploration activities on the Sabanero and COR15 permits plus reimbursement (through future free cash flow) for hydrocarbon production are carried in full; Pacific Rubiales Energy will also provide Maurel & Prom with the necessary funding to perform its part of the development activities on these permits;
- Future exploration activities on the SSJN-9, CPO-17 and Muisca permits are carried in full, in the amount of US$120 million;
- Pacific Rubiales Energy will give Maurel & Prom access to its oil evacuation and transmission network on economically preferential terms ;
- The parties agree to, jointly, on a 50:50 basis, acquire any necessary hydrocarbon permits surrounding Sabanero.

These agreements were ratified by the legal and regulatory authorities of the ANH (National Hydrocarbon Agency) and contractually by the partners in Colombia.

Income from sale:

In thousands of euros	
Sale price (encashed)	43,618
Sale price (owing on exploration financing)	36,926
Net book value of sold assets	19,975*
Gain on disposal	100,519
Other elements of income from sale	
Restatement of assets at fair value	64,560
Capitalisation of receivables	-40,880
Other	-186
Income from sale	124,013

** of which €10,511 thousand is reserve for translation adjustments*

The application of IAS 27 led the Group to relinquish total control by removing Colombian assets from the scope of consolidation and to record at fair value the 50% stake acquired in the jointly controlled enterprise.

RABA XProm ENERGIA Kft

In thousands of euros	
Sale price	34
Net book value of sold assets	1,903
Gain on disposal	1,937
Other elements of income from sale	-1,389
Income from sale	548

8.5.15 NOTE 15: ACTIVITIES INTENDED FOR SALE – IFRS 5

On 21 June 2011, Maurel & Prom and Tuscany International Drilling Inc., a Canadian petroleum services company listed on the Toronto Stock Exchange (TSX), announced the signing of an agreement whereby Tuscany Rig Leasing S.A., a wholly-owned subsidiary of Tuscany, will buy all the securities of Caroil SAS, a Maurel & Prom drilling subsidiary.

Tuscany will pay Maurel & Prom the acquisition price on the following terms:

- US$120 million in cash;
- 82.5 million Tuscany shares, listed on the Toronto Stock Exchange;
- 27.5 million stock options on a one-for-one basis (non transferable and without voting rights).

The number of shares and stock options does not vary in response to changes in the price of Tuscany International Drilling Inc shares.

Since 1 January 2011, the price of Tuscany shares on the Toronto Stock Exchange (Canada) has varied between US$2.1 and US$1.1 (as at 30 June 2011).

At 30 June 2011, the share price was CAD 0.92 or US$ 0.95.

This transaction was subject to ratification by a simple majority of Tuscany shareholders. The agreement should be finalised in the third quarter of 2011. Upon completion of the acquisition, Maurel & Prom will hold approximately 29% of Tuscany share capital.

Income from activities intended for sale

Income from activities intended for sale is as follows:

In thousands of euros	**30/06/2011**	**30/06/2010**
Sales	38,973	51,014
Other income	2,087	
Purchases and change in inventories	(6,301)	(5,960)
Other operating purchases and expenses	(22,729)	(18,260)
Tax and duties	(3,731)	(773)
Compensation expenses	(7,408)	(5,369)
Amortisation charges	(7,507)	(8,053)
Depreciation of exploration and production assets	0	
Provisions and impairment of current assets	(7)	(2,052)
Reversals of operating provisions	910	2,505
Gain (loss) on asset disposals	134	
Other expenses	(968)	(11)
Operating income	**(6,547)**	**13,041**
Gross cost of debt	*(9)*	*60*
Income from cash	*3*	*3*
Net gain (loss) on derivative instruments	*0*	
Net cost of debt	(6)	63
Other financial income and financial expenses	(48)	144
Financial income	**(54)**	**207**
Income before tax	**(6,601)**	**13,248**
Income tax	2,413	(3,097)
Net income	**(4,188)**	**10,151**
Net income from equity associates	0	
Net income from continuing operations	**(4,188)**	**10,151**
Net income from discontinued operations	0	
Net consolidated income	**(4,188)**	**10,151**

This figure incorporates other income received by Maurel & Prom in the amount of US$3 million (€2,083 thousand) relating to a non-reimbursable deposit on the transaction, acquired by Maurel & Prom on 30 June 2011 regardless of the outcome of the transaction.

Assets and liabilities intended for sale

In thousands of euros	**30/06/2011**
Intangible assets	19
Property, plant and equipment	108,903
Non-current financial assets	151
Deferred tax assets	4,899
Non-current assets	**113,972**
Stocks	5,624
Trade receivables and related accounts	18,097
Other current financial assets	146
Other current assets	8,472
Income tax receivable	339
Cash and cash equivalents	3,497
Current assets	**36,175**
	0
Total assets intended for sale	**150,147**

In thousands of euros	**30/06/2011**
Non-current provisions	63
Other creditors and sundry non-current liabilities	1,226
Non-current derivative instruments	0
Deferred tax liabilities	2,518
Non-current liabilities	**3,807**
Other current borrowing and financial debt	697
Suppliers and related accounts	11,466
Income tax payable	953
Other creditors and sundry liabilities	4,181
Current provisions	2,025
Current liabilities	**19,322**
	0
Total liabilities intended for sale	**23,129**

Cash flow from operations intended for sale

	30/06/2011	30/06/2010
Earnings per share from operations intended for sale	-6,601	13,249
Cash flow before taxes	-737	18,241
NET CASH FLOW FROM OPERATING ACTIVITIES	6,412	13,658
NET CASH FLOW FROM INVESTMENT ACTIVITIES	-7,131	-10,912
NET CASH FLOW FROM FINANCING ACTIVITIES	67	58
CHANGE IN NET CASH	-1,013	7,230
Encashment of non-reimbursable deposits	2,083	0
CASH AND CASH EEQUIVALENTS AT END OF PERIOD	2,800	
Total cash flow from operations intended for sale	3,870	7,230

8.5.16 NOTE 16: FINANCIAL INCOME

In thousands of euros	30/06/2011	30/06/2010*
Interest on discoveries	(137)	(73)
OCEANE interest	(16,910)	(12,313)
Interest on other borrowing	(6,151)	0
Gross cost of debt	**(23,198)**	**(12,386)**
Income from cash	2,086	294
Net gain (loss) on derivative instruments	(5,101)	(692)
Net cost of debt	**(26,213)**	**(12,784)**
Other net financial income and expenses	**(58,581)**	**116,365**
Net translation adjustments	(59,659)	122,224
Other	1,078	(5,859)
FINANCIAL INCOME	**(84,794)**	**103,581**

(*) Restated for sold activities

Interest charges on Oceane 2014 and 2015 are described above in Note 13: "Bonds, other borrowings and financial debts" amounted to €16,910 thousand. This figure breaks down as:

- interest charges calculated at the nominal rate of loans and paid at every annual maturity: 13 million;
- "debt readjustment" technical charge: 4 million.

Splitting a bond when it is issued into a shareholders' equity component and a debt component in accordance with IFRS, requires a technical "debt readjustment" charge to be recognised every year until maturity.

Interest expenses on other borrowing were as follows:

- interest on SEPLAT financing by AFREXIM bank, in the amount of €2.7 million;
- interest on the Standard Bank line of credit and the RBL, in the amount of 3.7 million.

Income from cash corresponds to payment for margin calls, in the amount of €1.5 million and interest on investments in the amount of €0.5 million.

Income from derivatives transactions breaks down as follows:

- €2.5 million expense due to re-valuation at fair value through income of hedges recognised as trading hedges in the Group's books (derivative instruments on hydrocarbons entered into to limit the Group's exposure to barrel price fluctuations);
- €2.5 million loss due to mark-to-market fluctuations in the earn-out payable for the purchase of Nigerian assets.

Net foreign exchange losses (€59.8 million) mainly relate to the re-valuation of the Group's currency positions at period end. The €/$ exchange rate at period end significantly impacted Maurel & Prom financial income because the current drop in the value of the dollar is reflected in an exchange loss in the holding company accounts in France (M&P and M&P Nigeria) and in the accounts of the operational subsidiaries (manly M&P Gabon):

The larger the forex exposure, the greater the impact. Thus, at 30 June 2011, the parent company's net borrowing position was US$15.3 million, MP Nigeria's US$146.8 million and M&P Gabon's €665.9 million.

The impact on consolidated financial income at 30 June 2011 of a 10% rise or fall in the €/$ exchange rate on that date is shown below (in thousands of euros):

	Impact on income before inc. tax in €K	
	10% rise in €/$ rate (i.e. drop in $ value)	10% fall in €/$ rate (i.e. rise in $ value)
USD	-80,641	82,907
Other currencies		
Total	-80,641	82,907

Other elements of financial income comprise:

- Undrawn commissions and amortisation of charges to be allocated under the RBL;
- Commissions for setting up the Standard Bank financing;
- Interest levied on down payments to SEPLAT.

8.5.17 NOTE 17: INCOME TAX

Breakdown of the charge for the fiscal year

Corporation income tax payable corresponds mainly to the tax on SEPLAT (Nigeria) in the amount of €23,579 thousand and tax on Gabon companies which is included in the oil profits paid to the State on the Omoueyi and Nyanga Mayombé permits in the amount of €14,201 thousand.

The difference in deferred tax is mainly due to the difference between fiscally recoverable costs, and the (consolidated) book value of those assets on the Omoueyi permit in the amount of €37,038 thousand.

In thousands of euros	30/06/2011	30/06/2010*
Tax due for the fiscal year	38,283	7,792
Deferred tax income or charge	36,422	9,164
TOTAL	**74,705**	**16,956**

(*) Restated for sold activities

Change in tax due

In thousands of euros	30/06/2011	31/12/2010
Income tax receivable	4	350
Income tax payable	30,990	16,128

The increase in tax due is directly linked to the ramping of production and taxable income in Nigeria.

Origin of deferred tax assets and liabilities

In thousands of euros	30/06/2011	31/12/10
Tax deficits	7,694	12,505
Other	499	0
TOTAL DEFERRED TAX ASSETS	**8,193**	**12,505**
Goodwill on oil reserves	0	0
Deferred tax liability on stock carried at equity	0	10,960
Goodwill on intangible assets	68,596	35,290
Accelerated depreciation	420	4,188
OCEANE treasury bonds	7,694	8,548
Colombia dividend tax		
Other	0	0
TOTAL DEFERRED TAX LIABILITIES	**76,710**	**58,986**
Net	**68,517**	**46,481**

At 30 June 2011, the difference between fiscally recoverable costs and the consolidated assets of Omoueyi generated a deferred tax liability of €68.6 million.

Deferred tax assets relating to deferred losses are not recognised if in excess of deferred tax liabilities if there is not sufficient probability of future taxable profits on which tax could be charged.

Reconciliation between tax charge and pre-tax income

In thousands of euros	30/06/2011	30/06/2010*
Pre-tax income from continuing activities	168,969	51,184
- Net income of equity associates	-326	2,487
Pre-tax income excluding equity associates	**169,295**	**48,697**
Theoretical tax charge 33.33%	56,426	16,231
Reconciliation		
-In-kind liquidated tax		
-Tax rate divergence	13,278	
-Tax difference on Gabon recoverable costs	37,038	9,358
- Oil profit tax / Notional sales	14,201	6,863
-Activation of prior deficits		
-Inactivated deficits	-46,237	-15,496
Actual tax charge	**74,705**	**16,956**
(*) Restated for sold activities		

8.5.18 NOTE 18: RELATED PARTIES

Commercial and financial transactions

30/06/2011 *In thousands of euros*	**Income**	**Charges**	**Amounts due from related parties (net)**	**Amounts due to related parties**
Equity associates				
- Lagopetrol	0		0	0
- New Gold Mali (NGM)	197		2,791	0
- Raba Xprom Energia Kft	0		0	0
2) Other related parties				
- Pacifico	105	213	63	66
- Allenne British Virgin Island Limited	0	0	4,670	0
- Abbeycourt Petroleum Company Limited	0	0	5,838	0

30/06/2010 *In thousands of euros*	**Income**	**Charges**	**Amounts due from related parties (net)**	**Amounts due to related parties**
Equity associates				
- Lagopetrol	0		8,226	0
- New Gold Mali (NGM)	190		2,770	0
- Raba Xprom Energia Kft	42		1,429	13
2) Other related parties				
- Pacifico	107	779	62	121

Equity associates

On 30 June 2011, the amount owed by New Gold Mali corresponded to its current account at Maurel & Prom head office. This current account has been totally written off. In terms of net value, only debts owed by the other shareholders of equity associates are recognised in the Group's accounts. Income corresponds to accrued interest on the current account.

The companies Lagopetrol and Raba Xprom Energia Kft were sold in the first half of 2011.

Other related parties

With respect to other related parties, transactions with Pacifico were conducted on normal terms and relate to rentals and support services.

Accordingly, Maurel & Prom signed an office premises sub-leasing agreement with Pacifico, which is a 23.71% shareholder. Pacifico also provides Maurel & Prom with technical and financial support services. The service agreement with Pacifico was the subject of an addendum approved by the Maurel & Prom Supervisory Board on 29 May 2007 and signed on 11 June 2007 (effective 1 February 2007). This addendum relates solely to fees adjustments for services rendered.

Compensation of senior executives

"Senior executives" refers to Directors (department heads) and other members of the Board of Directors and to the Chairman & CEO.

	30/06/2011	30/06/2010
Short-term benefits	1,420	1,369
Departure benefits		
Post-employment benefits		
Share-based payments	199	106
	1,619	**1,475**

NOTE 19: POTENTIAL ASSETS AND LIABILITIES

Guarantees posted for loans

On 29 May 2009, the Group entered into a new agreement with a consortium of four banks (BNP Paribas, Calyon, Natixis and Standard Bank) to borrow US$255 million, guaranteed by the pledge of Gabon oil reserves (“Reserve Based Loan” or RBL).

The US$300 million available at 31 December 2010 was increased to US$330 million in January 2011 reflecting the guarantees provided.

The amount drawn down as at 30 June 2011 was US$170 million, specifically following the US$160 million repayment of the guarantee deposited with BNP as part of the financing of the SEPLAT subsidiary.

Maurel & Prom is required to hold 5% of the amount drawn, the 5% at 30 June 2011 amounting to US$8.5 million.

Maurel & Prom is also required to comply with certain technical and financial covenants for the duration of the loan. As at 30 June 2011 all covenants were complied with.

A bridge loan from Standard Bank in 2010, guaranteed by the subsidiary Caroil, has been repaid in full.

Refinancing of SEPLAT

In March 2011, SEPLAT repaid in full the US$187 million relay loan that it had taken out from BNP, which at 31 December 2010 was US$167 million. SEPLAT is currently negotiating a line of credit with a bank pool in the order of US$535 million which should allow it to fund its growth. Prior to setting up this financing, a sum of US$200 million was released in late March 2011 to SEPLAT as part of a 4-month relay loan (renewed at the end of July 2011) remunerated at LIBOR+5%. This loan incorporates a guarantee by SEPLAT shareholders in the form of a pledge of their holdings in this company.

Other commitments given

Caroil

On 1 July 2009, Maurel & Prom signed a joint and several US$8 million guarantee for Caroil lodged with Crédit Industriel et Commercial. The guarantee covers any payment default by Caroil to any bank, regardless of the reason.

This guarantee was agreed post-closure as part of the sale of Caroil to Tuscany.

Rockover

The contract to purchase Rockover in February 2005 included a 10% snap-back clause for former shareholders in the event of a discovery at any of the permits sold (Ofoubou/Ankani, Omoueyi, Nyanga Mayombe, Kari) and a 50% snap-back on the Banio permit.

At the initiative of Maurel & Prom, an agreement to buy out this provision was signed on 13 July 2007. This agreement specified payment by Maurel & Prom to former shareholders of US$55 million (paid to date) plus royalties of 2% when cumulative production exceeds 39 million barrels on all fields sold to Maurel & Prom in 2005 (excluding Banio), as well as a royalty of 10% on production from the Banio field when the cumulative production of this field exceeds 3.9 million barrels.

The following commitments were also made:

- Maurel & Prom must pay sellers a total royalty amounting to US$1.30 for every barrel produced from the date that cumulative production across all permits exceeds 80 Mboe;

- Maurel & Prom must pay one of its two vendors a royalty of 2% of the total available production up to 30 Mboe and 1.5% for any production over 30 Mboe, from the MT 2000-Nyanga Mayombe exploration permit.

Transworld

Following the purchase of Transworld residual rights to the Etekamba permit on 18 March 2008, a “net profit interest agreement” was signed whereby Maurel & Prom would reverse 10% of the oil profit and 8% of the gas profit to Transworld Exploration Ltd.

Omoueyi CEPP

When production starts up at the Onal field, the State of Gabon is automatically entitled to 15% of the rights and obligations under the Omoueyi CEPP contract to develop and operate the Onal exploitation zone, unless it expressly waives this interest within 120 days following the permit production start date. On 13 December 2006, an exclusive operation license was granted for the Onal zone in this permit. As part of this, the State of Gabon sold to Tulip Oil its entire 15% stake in the Onal field, as well as its stake in the Omko field, which began production on 28 September 2009, in which the State automatically held a 15% stake under the same terms and conditions.

The State of Gabon automatically benefited from this right of entry into all fields on the Omoueyi permit under the same terms as for Onal and Omko, as well as all permits held by Maurel & Prom in Gabon, under the terms and conditions set out in each CEPP (exploration and production sharing agreement).

Maurel & Prom also owes a 5% duty on exploration and production assets that have so far been exempt from tax. These customs duties were paid in 2009, when production from the Onal and Omko fields rose above 10,000 tonnes (approx. 75,000 b). Under this permit, any investment in a new well is liable to a 5% tax.

Ecopetrol

As part of the sale of Hocol Colombia to Ecopetrol, Maurel & Prom gave the latter a standard liability guarantee in this matter.

Litigation

Messier Partners

Messier Partners, a financial consultancy which the Company had asked for advice, filed a lawsuit in 2007 against the Company to obtain payment of a success commission following the conclusion of a sales agreement with Eni. Messier Partners claimed €14.7 million in total. The first court ruled partially in Messier Partners' favour, ordering the Company to pay Messier Partners €5.6 million. The Company appealed this ruling. The Paris Court of Appeal, in its ruling of 5 March 2009, dismissed all aspects of the judgment issued on 18 December 2007 by the Paris Commercial Court, dismissing all claims of Messier Partners and ordering them to pay court costs for the lower court and appeals court and to pay €50,000 for unrecoverable legal costs.

Messiers Partners appealed to the Supreme Court on 6 May 2009. On 4 May 2010, the Supreme Court reversed the decision of the Court of Appeal of 5 March 2009, sending the parties back to the Paris Appeal Court.

Agri Cher-Transagra

Maurel & Prom is still, potentially, contractually liable for alleged business activities dating from 1996 which remain the subject of legal proceedings involving the bankruptcy of the company Transagra and the commercial failure of the Agricher cooperative. In the Company's opinion this action for some €33 million is groundless and has not constituted a provision for it. As all disputing parties had given written notice of their intention to avoid litigation, the Court ordered that the case be removed from the 2009 calendar. The ad-hoc attorney appointed in this matter has requested that this matter be re-entered for 2011.

Bank dispute

On 26 November 2008, a banking establishment filed a suit against the Company at the Paris Commercial Court, to establish the validity of a framework agreement concluded with the Company. The bank is seeking a ruling that the complex financial instruments executed under this framework agreement in the summer of 2008 were validly issued, in order to obtain payment from the Company in the amount of US$51 million (i.e., €36.8 million) to unwind those instruments.

The Company involved in these transactions based on its 2008 interim and annual financial statements is contesting the action, arguing that the bank acted in breach of its rules and procedures in this matter. Negotiations between the parties produced an amicable resolution reached on 31 December 2009. The bank agreed to reduce the claim by €11 million and pay the balance in the amount of US$33 million on 1 April 2011 without interest.

Alphin Capital dispute

Alphin Capital, a company specialised in marketing African oil assets and in assisting contractual negotiations involving the exploitation of hydrocarbon deposits and related financing arrangements, initiated legal proceedings against the Company in April 2010 claiming a US$2.6 million finder's fee to recognise its involvement in SEPLAT's interest in the OML 4, 38 and 41 permits in Nigeria (SEPLAT being a Nigeria-incorporated company in which Maurel & Prom has a 45% stake). This case is currently before the Paris Commercial Court.

8.5.20 NOTE 20: OPERATIONAL SEGMENTS

In accordance with IFRS 8, effective 1 January 2009, industry sectors are reported using the same segmentation principles as internal reporting in order to manage and measure the Group's performance. Maurel & Prom's activities are divided into three segments: exploration, production and drilling.

The other activities mainly cover the holding company's support and financial services.

Operating income and assets are split by segment based on their contribution to the entities included in the scope of consolidation.

Information by activity

The data in the following table has been prepared to IFRS standards.

In thousands of euros

30/06/2011	Exploration	Production	Drilling for oil	Other activities	Intragroup adjustments and eliminations	Total
Inter-segment sales			0	(1,117)	1,117	0
Sales	**242**	**273,145**	**(0)**	**(19,834)**		**253,553**
Write-down of intangible assets	(5,296)	0	0	0		(5,296)
Write-down of property, plant & equipment	0	0	(0)	0		(0)
OPERATING INCOME	**(39,392)**	**148,077**	**(0)**	**145,404**		**254,089**
Intangible assets (gross)						
Investments in the period	35,624	53	2	5		35,684
Accumulated investments at period end	489,671	170,637	(0)	1,663		661,971
Property, plant & equipment (gross)						
Investments in the period	326	37,946	3,201	25		41,498
Accumulated investments at period end	7,554	656,157	0	2,381		666,092

Write-offs are detailed in Note 4 Intangible Assets.

30/06/2010*	Exploration	Production	Drilling for oil	Other activities	Intragroup adjustments and eliminations	Total
Inter-segment sales				(641)	641	0
Sales	**0**	**98,655**	**0**	**(18,388)**		**80,267**
Write-down of intangible assets	(75,398)	0	0	0		(75,398)
Write-down of property, plant & equipment	0	0	0	0		0
OPERATING INCOME	**(82,125)**	**49,173**	**0**	**(21,929)**		**(54,882)**
Intangible assets (gross)						
Investments in the period	146,717		8	494		147,218
Accumulated investments at period end	324,852	271,248	217	492		596,810
2010 investments	245,599	63,981	16	591		310,186
Accumulated investments at end 2010	437 ,279	184,282	215	1,474		623,251
Property, plant & equipment (gross)						
Investments in the period	1,373	26,752	15,639	91		43,854
Accumulated investments at period end	7,409	586,638	193,880	2,086		790,013
2010 investments	679	137,627	23,391	151		161,847
Accumulated investments at end 2010	7,392	671,627	185,648	2,360		867,027

* IFRS restatement of income from drilling activities

Sales by geographic region

	Congo	Gabon	Cameroon	Colombia	Nigeria	Tanzania	Other	Total
Income statement as at 30 June 2011								
Oil sales	242	201,958	0	0	70,827	360	(19,810)	253,577
Services	0	0	0	0	0	0	(24)	(24)
Interzone sales	0	0	0	0	0	0	0	0
Total Sales	**242**	**201,958**	**0**	**0**	**70,827**	**360**	**(19,834)**	**253,553**

	Congo	Gabon	Cameroon	Colombia	Tanzania	Other	Total
Income statement at 30 June 2010 *							
Oil sales	0	98,364		(1)	291	(18,388)	80,266
Services	0	-	-	621	0	104	725
Interzone sales	-	-	-	-	-	(725)	(725)
Total Sales	**0**	**98,364**	**0**	**620**	**291**	**(19,009)**	**80,266**

(*) Restated for operations intended for sale

8.5.21 NOTE 21: POST CLOSING EVENTS

Positive results of stratigraphic wells in Colombia

The drilling of the second and third stratigraphic wells under the CPO17 exploration permit (Hocol 50% operator, and Maurel & Prom (50% operator through its 50.01% owned subsidiary M&P Colombia) has showed the presence of oil.

The wells were drilled to 700 m and 3,700 m, respectively, south of the first positive stratigraphic well drilled under this permit *(See press release 13_11 of 26 July 2011).*

Update on drilling at OMSN-W in Gabon

In Gabon, the OMSN-W prospect was drilled under the Omoueyi permit, 20 kilometres north-east of the ONAL field. Drilling started on 20 June 2011.

The data received for this prospect indicates that the Grès de Base layer has good porosity and that it is saturated with oil to a height of 38 m. However, this formation shows no permeability and this prevents production. It was therefore decided to plug and abandon this well and subject it further technical analysis internally.

Update on CDN-1 drilling in France

The Caudos-Nord-1 drilling (CDN-1) began on 4 July 2011 under the Mios permit (Maurel & Prom 15%). It reached its final 2,680 m depth on 26 July.

The technical data recorded in the well enabled the Aptian and Purbeckian sandstone reservoirs to be investigated.

On the basis of the diagrammatic interpretations and the indices observed in the well, the permit operator decided to descend and to cement in place a 7" tubing in order to test the Aptian and Purbeckian reservoirs with “work-over” equipment.

On the Lavignolle license, the Peyrot-1D well was spuded the 19th August 2011.

9 STATUTORY AUDITOR'S REPORT

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code (code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Etablissements Maurel & Prom, for the period from January 1, 2011 to June 30, 2011, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

9.1 Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to note 4 "Intangibles assets" which sets out that in the course of its assessment of the value of its Tanzanian assets (BRM license) management relies on the status of its discussions with potential buyers or partners, these discussions have not revealed any indication that those assets should be impaired.

9.2 Special verification

We have also verified the information presented in the interim management report in respect of the condensed half-yearly financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly financial statements.

French original signed at Paris and Paris-La-Défense, on August 31, 2011, by the statutory auditor

Daniel de Beaurepaire

Ernst & Young Audit
François Carrega – Patrick Cassoux

LEGAL